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NUMBER 79, SPRING 1985, PRICE: $4.00

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The Moral Quandary of the Black Community	*Glenn C. Loury*
The Visions of the Democratic Party	*Samuel P. Huntington*
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THE PUBLIC INTEREST (ISSN-0033-3557) is published quarterly by National Affairs, Inc. and appears in Spring, Summer, Fall, and Winter issues. Its office of publication is located at 10 East 53rd Street, New York, NY 10022. Subscription price: $16.00 for one year; $32.00 for two years. Add $2.00 annually for Canadian and foreign subscriptions. Unsolicited material cannot be returned unless accompanied by sufficient return postage. Second class postage is paid at New York, and at additional mailing offices. © 1985 by National Affairs, Inc. Postmaster: Please send all changes of address to: Public Interest Subscription Dept., 20th and Northampton Streets, Easton, PA 18042.

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Unemployment and crime—what is the connection?

JAMES Q. WILSON & PHILIP J. COOK

PERIODICALLY, the Joint Economic Committee of the United States Congress issues a report claiming that increases in unemployment (or other forms of economic adversity) lead to increases in the homicide rate (as well as in other social pathologies). The first such report appeared in 1976 with a preface by the Committee's chairman, the late Hubert Humphrey, in which he said that a "1.4 percent rise in unemployment during 1970 is directly responsible for . . . 1,740 additional homicides." The second report appeared in 1984, this time with a preface by Rep. Lee Hamilton, Democrat of Indiana, who wrote that "changes in unemployment, real per capita income, and other measures of economic performance are correlated with crime." In a table accompanying his letter, Rep. Hamilton noted that the 14.3 percent increase in unemployment which occurred between 1973 and 1974 led to a 1.7 percent increase in homicides.

Many people find the claim that economic adversity drives up the crime rates so plausible as scarcely to require demonstration. As Rep. John Conyers of Detroit wondered aloud at a hearing before a subcommittee of the House Judiciary Committee: "Are there any people walking around and saying there is no relationship between crime and unemployment?" Not in Washington or New York, at least. The reports on the Joint Economic Committee have regularly been given a large and supportive play in the pages of the *New York*

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Times and the *Washington Post*, among many other newspapers. Economists too, have long suggested that crime rates are affected by its relative economic benefits—that is, the yield from crime as compared to the yield from legitimate alternatives to crime.

It may come as a bit of a surprise, then, to learn that most efforts to find clear and convincing evidence of a link between crime and unemployment have led to uncertain, modest, or controversial results. When, in 1981, Thomas Orsagh and Ann Dryden Witte, both economists, reviewed the research into this link, they found the evidence to be "ambiguous" and "inconclusive." In the same year the Vera Institute in New York City published a similar review, written by James W. Thompson, Michelle Sviridoff, and Jerome E. McElroy. It concluded that the evidence is "not at all clear" on the general relationship between unemployment and crime. Richard B. Freeman, an economist at Harvard, ended his 1983 review of these studies this way: "The bulk of the studies show some connection between unemployment . . . and crime, but they fail to show a well-defined, clearly quantifiable linkage."

Missing links

Though the rise and fall in crime rates may have some connection with changes in the unemployment rate, that connection is hard to detect. A moment's reflection will suggest why. A rise in unemployment may lead some people to steal things owing to the absence of legitimate jobs. But the same rise may lead other persons to watch more closely over their personal possessions (which have now become harder to replace, and so more valuable) and to carry less cash with them on the streets. Rising unemployment may also reduce the supply of new cars, tape decks, and color television sets available to be stolen.

The relationship between unemployment and violent crime is likely to be even more complicated. A person who has lost his job may vent his anger and frustration by hitting or killing a spouse or friend, or he may become so moody and depressed as to be incapable of any action, including an assault. A family afflicted by the economic loss consequent on unemployment may be torn asunder or drawn together. There is no good reason in advance for assuming one reaction or another.

These theoretical complexities have not prevented the Joint Economic Committee from persistently arguing that unemployment and homicide are connected. It has done so primarily on the basis of research carried out by M. Harvey Brenner, a professor at Johns

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Hopkins University. It was Brenner's monographs that formed the bulk of both the 1976 and 1984 Committee reports. Because of the importance attached to Brenner's work by the Congress and influential segments of the media, it is important to take a careful look at his data, methods, and conclusions to see if they will support the inferences drawn from them. We believe they do not.

Though Brenner's two major studies are both taken as supporting the claim that rising unemployment leads to more homicides, in fact only the 1976 report actually makes that claim. The more recent one makes a quite different point, and so the two studies must be examined separately.

The 1976 study attempts to explain year-to-year changes in the homicide rate between 1940 and 1973 by year-to-year changes in the unemployment rate, the inflation rate, the per capita gross national product, and the youthfulness of the population. Brenner found that over a five-year period a sustained 1 percent increase in unemployment resulted in a 5.7 percent increase in the number of homicides. This small but lasting increase in joblessness produced over 600 more homicides than would otherwise have occurred.

Let us assume for the moment that Brenner's calculations are correct. What are we to make of them? For three reasons, not very much.

First, Brenner did not include in his estimates year-to-year changes in the proportion of murders resulting in the imprisonment or execution of the murderer. If it is reasonable to suppose that economic stress may cause crime, it is also reasonable to assume that punishment may deter crime. We know that during the period in question there were big changes in the severity (and possibly the certainty) of punishment for homicide—for one thing, capital punishment came to an end in the early 1960s. Ignoring changes in the (possible) effect of punishment on homicide rates may well lead to exaggerating the (possible) effect of economic conditions on those rates.

Second, Brenner's analysis does not take into account the unusual effect of the Second World War. During the war years, both the unemployment rate and the homicide rate were falling—and probably for the same reason. Young men who might otherwise be looking for jobs and committing crimes were being drafted and sent overseas to fight. As a result, there was not much unemployment and there were a lot fewer murders. What happens if we delete the war years from Brenner's analysis? The positive connection between unemployment and homicide disappears. In fact, it becomes negative—that is, during the period 1945-1973, the homicide rate goes *down* when unemployment rises.

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Even if these methodological difficulties did not exist or could be remedied, a third problem would remain. Brenner not only found that homicide rates go up with increases in unemployment; he also found that they go up with increases in inflation and increases in the per capita gross national product. Now suppose you are on the Joint Economic Committee. You have a choice. You can focus attention on the claimed connection between homicide and unemployment, and call—as did Sen. Humphrey—for economic stimulation to reduce the homicide rate, *or* you can focus attention on the connection between homicide and inflation and economic growth and call for economic contraction as a way of reducing the homicide rate. Given the orientation of the Committee, it is hardly surprising that it chose to emphasize the unemployment-homicide linkage. But the Committee, with equal factual support from Brenner's analysis, could have concluded that what was driving up the homicide rate was inflation and increasing prosperity! Thus, even without its theoretical problems, Brenner's analysis gives no policy guidance at all, unless someone can figure out a way whereby unemployment, inflation, and economic growth can be simultaneously reduced.

Testing the data

So far we have criticized Brenner's 1976 paper on the assumption that its calculations were correct. But we are not certain they are. One of us (Cook) has, with a colleague, attempted to duplicate Brenner's findings by analyzing the same data using the same procedures, but without success.[1] When Cook and Zarkin attempted to replicate Brenner's complete equation, unemployment had no statistically significant effect on the homicide rate. They were able to reproduce Brenner's results using an alternative equation he reported in his appendix, but this equation omitted from it any measure of the age structure of the population. Since we know that young males are much more likely to commit crimes than older ones, any claim that unemployment is influencing the homicide rate that does not take into account the arrival in the 1960s of the postwar baby boom is highly suspect. In sum, the Brenner equation in which age was used cannot be reproduced; only the one that did not use it, and thus is almost surely flawed, can be reproduced.

Brenner's second study, published in 1984, covered the period 1950-1980. Though many commentators assumed it supported his earlier finding that changes in unemployment were associated with

[1] Philip J. Cook and Gary A. Zarkin, "Homicide and Business Conditions: A Replication of H. Brenner's Analysis" (mimeo, Duke University, 1983).

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changes in the homicide rate, in fact the study used a very different measure of economic conditions—one so different, in fact, that properly interpreted, it means almost exactly the opposite of what the Joint Economic Committee implied.

In the newer study, Brenner tried to explain year-to-year changes in the homicide rate by reference to seven factors. Five of these were measures of alcohol and drug use. The other two were measures of economic conditions. Neither of these was the unemployment rate. Instead, Brenner took into account the annual change in per capita disposable income and the *ratio* of the unemployment rate of young males to the total unemployment rate.

This last factor deserves close examination. The ratio of the young male unemployment rate to the total unemployment rate might look something like this: If, one year, the unemployment rate for young males is 14 percent and the total unemployment rate is 7 percent, then the ratio between these two figures for that year is 2. This ratio, it turns out, is not correlated with unemployment, or possibly with any normal measure of economic conditions. Suppose the total unemployment rate were to fall from 7 percent to 5 percent, while the youthful unemployment rate fell from 14 percent to 11 percent. Then the ratio would rise—from 2 to 2.2. In this case the ratio would go *up* when the nation's economy as a whole was getting *stronger*, and down when it is getting weaker. This, in fact, tends to be the pattern more often than not. Between 1950 and 1980, the correlation between Brenner's ratio and the total unemployment rate is negative (− .28).

All this means that when Brenner finds a connection between the homicide rate and the "Brenner ratio," it may look as though he is finding a link between homicides and worsening economic conditions, but that is not the case. In fact, there is a slight tendency for this ratio to increase when economic conditions are *improving*. And in any event, the meaning of this ratio is quite obscure.

This difficulty is probably fatal to the inferences many people have drawn from Brenner's work, but as it turns out it is only the beginning of his troubles. Once again, Cook and a colleague have attempted to reproduce Brenner's findings using his methods and as much of his data as they could find—and could not.[2]

Since Brenner is not precise about these definitions or sources, there remains the slight possibility that the difference in results is due to differences in the precise numbers being used. But Cook and

[2] Philip J. Cook and Gary A. Zarkin, "Homicide and Economic Conditions: A Replication and Critique of M. Harvey Brenner's New Report to the U. S. Congress" (mimeo, Duke University, 1985).

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Zarkin's results are so different from Brenner's as to make this explanation implausible. Like the 1976 study, the 1984 report cannot be duplicated by independent investigators, and so its validity is open to serious question.

Causality and common sense

We do not deny that economic conditions may have some effect on the crime rate. We do deny that Brenner has shown any such effect. Cook and Zarkin have found evidence of a connection between the business cycle and certain property crimes.[3] If one accepts the somewhat shaky data available for property crimes in decades past, there seems to have been a small increase in burglary and robbery during most economic recessions. They have found no evidence of a connection between the business cycle and homicide and a perverse one between that cycle and auto-theft—recessions have typically been associated with a *decline* in the number of cars stolen. And these connections do not explain more than a small part of the long-term trends in crime rates.

Crime control is not a very good reason for designing national economic policy, and the Joint Economic Committee should stop claiming that it is. Even the strongest evidence of a crime-economy link does not explain more than a very small portion of the year-to-year changes in crime rates, and so it is unlikely that even very successful economic policies will have more than a modest effect on crime rates (and then only on the rates of some crimes). Working to achieve solid, sustainable economic growth with low or moderate inflation and a minimum of unemployment is a desirable (though often elusive) goal in its own right. There is no need to make extravagant, and unsupportable, claims about how, if achieved, it will bring order and safety to our streets.

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[3] Philip J. Cook and Gary A. Zarkin, "Crime and the Business Cycle," *Journal of Legal Studies* (January 1985), pp. 115-128.

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The moral quandary of the black community

GLENN C. LOURY

THE CIVIL RIGHTS MOVEMENT now confronts its greatest challenge—to redefine an agenda created during the turbulent 1950s and 1960s, so that it may conform with the socio-political realities of the coming decades. The central theme of this essay is that the redefinition should be centered around an effort to expand the range of activities that directly seek to mitigate the worst conditions of lower class black life.

A long tradition of philanthropy and internally directed action aimed at self-improvement exists among black Americans, pre-dating the emancipation. To give but one example, the Urban League, a major civil rights organization today, was founded early in this century to help new black migrants from the rural South adjust to life in Northern cities. Similarly, black fraternal and professional organizations, through a wide array of programs and activities, have been "giving something back to the community" for decades. Yet the nature of problems facing the black community today, the significant recent expansion of opportunities for blacks in American society, and the changing political environment in which black leaders now operate, all dictate that greater stress should be placed upon strategies which might appropriately be called "self-help."

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For notwithstanding this noble tradition of mutual concern, the dominant tendency among today's public advocates of black interests is to emphasize the responsibility of government to resolve the problems of blacks. To be sure, policies of local, state, and federal government significantly affect the welfare of black Americans. And no one would deny, in turn, that blacks have the right and responsibility to participate in shaping those policies. But it is now beyond dispute that many of the problems of contemporary black American life lie outside the reach of effective government action, and require for their successful resolution actions that can only be undertaken by the black community itself. These problems involve at their core the values, attitudes, and behaviors of individual blacks. They are exemplified by the staggering statistics on pregnancies among young, unwed black women and the arrest and incarceration rates among black men. Such complicated problems, part cause and part effect of the economic hardship readily observed in the ghettos of America, defy easy explanation. These problems will not go away with the return of economic prosperity, with the election of a liberal Democrat to the presidency, or with the doubling in size of the Congressional Black Caucus.

The fact is, any effective response to such difficulties will necessarily require the intimate involvement of black institutions, politicians, educators, and other concerned individuals, and far more attention than is now received from these quarters. My concern is that too much of the political energy, talent, and imagination abounding in the emerging black middle class is being channelled into a struggle against an "enemy without," while the "enemy within" goes relatively unchecked.

Fault vs. responsibility

No doubt some may object that problems of family instability and crime are themselves manifestations of oppression—the historical and ongoing racism of the "enemy without"—and that to focus on self-help strategies aimed at the behavior of blacks is to treat the symptoms of oppression, not its causes. If jobs were provided for those seeking work, the argument continues, and if a commitment to civil rights could be restored at top levels of government, these internal problems would surely take care of themselves.

I believe this argument to be seriously mistaken, and under certain circumstances possibly quite dangerous, for it invariably ends by placing the *responsibility* for the maintenance of personal values and social norms among poor blacks on the shoulders of those who

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do not have an abiding interest in such matters. It is important to emphasize, however, that in rejecting this argument, I am not questioning the existence of a link between behavioral difficulties on the one hand, and the effects of racism on the other. To the extent that, say, the percentage of black children raised in single parent homes is greater because black men are denied employment opportunities, one could correctly conclude that the problem has been caused by the racist denial of opportunity. One might, then, assign blame or *fault* to racist whites, to the extent that their racism can be determined in this way to have caused certain difficulties among blacks.

Even so, this argument founders, in my view, when on the basis of presumed fault it assumes a concomitant responsibility to resolve the difficulties which have emerged. As Orlando Patterson has brilliantly argued in these pages, fault and responsibility must not be presumed to go hand-in-hand.[1] It is absolutely vital that blacks distinguish between the fault which may be attributed to racism as a cause of the black condition, and the responsibility for relieving that condition. *For no people can be genuinely free so long as they look to others for their deliverance.*

The pride and self-respect valued by aspiring peoples throughout the world cannot be the gift of outsiders—they must derive from the thoughts and deeds of the peoples themselves. Neither the guilt nor the pity of one's oppressor is a sufficient basis upon which to construct a sense of self-worth. When faced with the ravages of black crime against blacks, the depressing nature of social life in many low-income black communities, the alarming incidence of pregnancy among unwed black teenagers, or the growing dependency of blacks on transfers from an increasingly hostile polity, it is simply insufficient to respond by saying "This is the fault of racist America. These problems will be solved when America finally does right by its black folk." Such a response dodges the issue of responsibility, both at the level of individual behavior (the criminal perpetrator being responsible for his act), and at the level of the group (the black community being responsible for the values embraced by its people).

Consider, as an illustration of this point, a recent public statement made by 30 prominent black leaders and intellectuals on the problems of the black family:

> No strategy designed to improve the status of black Americans can ignore the central position of the black family as the natural transmitter of the

[1] Orlando Patterson, "The Moral Crisis of the Black American," *The Public Interest* 32 (Summer 1973): 43-69.

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> care, *values* and *opportunities* necessary for black men, women and children to reach their full potential as individuals [emphasis added].[2]

Thus there is clear recognition that values and opportunities available only within families, and unavailable to many blacks, play a crucial role in determining individual achievement. This is a welcome observation, too seldom seen in the public pronouncements of black leaders. But in the very next sentence responsibility for this state of affairs is laid at the door of American society:

> The present black family crisis, characterized chiefly by the precipitous growth of poor female-headed households, can be traced almost directly to American racism . . . As large numbers of blacks migrated to large cities from rural areas, black males have often been unable to find work, and government policies and other social forces further sapped family strength. These trends proceed apace today, aided by the widespread failure even to recognize the pressures on the black family as central to other problems, and by the failure to devise both preventive and healing strategies.

It is clear from the context that the "failure" being discussed is that of "racist American society," not of the political, intellectual, and religious leadership of the black community itself, which might more appropriately be regarded as responsible for the normative health of the group. Certainly one can trace some of these family difficulties to American racism. But having recognized this, it is crucial that we confront the question of how to change the behavior of the young blacks raised in such families. Whatever *fault* may be placed upon "racist American society," the *responsibility* for the behavior of black youngsters lies squarely on the shoulders of the black community itself.

There is potential for great danger in ignoring this responsibility: Those who may be legitimately held at fault for the black condition may nonetheless fail to act to improve that condition. It seems increasingly obvious that the animating spirit of the Great Society era, during which government took seriously the responsibility to help solve the problems of the black poor, is on the wane. Those who proclaimed the enormous stake of the black community in preventing the re-election of Ronald Reagan must now confront the implications of his landslide victory. It is by no means certain that the leaders of either party will in the years ahead continue to have an expansive sense of government obligation to the black poor. John Jacobs, president of the National Urban League, recently stated the problem quite clearly:

> We see the problems facing black families as being problems facing our nation. But the nation is not addressing those problems. The Administra-

[2] *A Policy Framework for Racial Justice* (Washington D.C., Joint Center for Political Studies, 1983) p. 9.

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> tion and the Congress have cut lifeline programs that help all poor people and especially poor black families. They have drastically cut programs that help poor children survive—including nutrition and health programs . . . Given that failure to act, we feel that the network of black institutions must play a greater role both in the advocacy on behalf of the black family, and in concrete programmatic ways that provide aid to black families—assistance to help two-parent families stay intact, resources to help single parent families survive, and programs that help our children to take their rightful place in our society. We are confident that the black community has the institutional and voluntary resources to be effective in this great task . . . For every element of our society must deal with that aspect of the problem for which it is best suited . . . That means government must be supportive, black institutions must marshall volunteer resources, *and individual black people must accept responsibility for themselves* and for preserving the family values that helped us to survive [emphasis added].[3]

Jacobs is keenly aware of the dangers of inaction in an indifferent, if not actually hostile, political environment. By stressing his confidence in the ability of blacks to grapple with these profoundly difficult problems, he by no means absolves the larger society of its obligations. He recognizes, however, that ultimately it is the leaders of the black community, himself among them, who are responsible for addressing these problems.

A new frontier

The effort of such organizations as the National Urban League to come to grips with these internal difficulties suggests a new direction for the institutional and intellectual resources of the black community (and, more generally, the civil rights community). It is now two decades since the enactment of the Civil Rights Act of 1964, and some 30 years since the landmark *Brown* decision was rendered by the Supreme Court. These and other monumental achievements of the Civil Rights Movement are, for the current generation of American youth, the stuff of history books. Today's young people have no recollection of the struggles. The crowning achievements of an earlier era dwarf in significance anything likely to issue from the litigation and lobbying efforts of today's advocates. In other words, the civil rights strategy—seeking black advancement through the use of the legal system to force America to live by its espoused creed—has reached the point of "diminishing returns." It is no exaggeration to say that we now live in the "post-civil rights" era.

Yet, if one were to poll the community of activists, lawyers, politicians and concerned citizens whose effort made "The Movement"

[3] John Jacobs, *The Urban League News* (April 1984), p. 2.

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a reality, a sizeable majority would, I believe, say that the work they began remains seriously incomplete. They would point to the significant economic inequality which remains between the races in the United States. A growing percentage of black children are living below the poverty line; the prisons of the country are disproportionately populated by black men; black families are more often dependent on public assistance than the population as a whole; and residential segregation by race is a commonplace in our central cities, as is the racial segregation of public schools which so often accompanies it. Moreover, it would be observed that overt expressions of racism have not yet vanished from the American scene. Thus, it would be argued, much on the civil rights front remains to be done.

Nevertheless, it is much easier to assert that something must be done than it is to set out an agenda for action. Many veterans of the movement find themselves today in the position of sensing how crucial it is that action be taken, and yet not quite knowing what to do. *I suggest that the next frontier for the movement should be a concerted effort to grapple directly with the difficult, internal problems which lower class blacks now face.* In the post-civil rights era, the energy and imagination of the individuals and organizations that achieved prominence in the struggle for civil rights may be most usefully employed in efforts to confront those serious internal difficulties which beset our low income black communities.

It is important to avoid misunderstanding here. I do not suggest that black advocates abandon their traditional concern with the issues of desegregation, equal employment opportunity, or voting rights. There is important work to be done in these areas, even if it consists mainly in defending past gains. But a realistic assessment of the prospects of the poorest black Americans strongly suggests that their lives will not be profoundly altered by the continued pursuit of historically important civil rights strategies. In central city ghettos across America, where far too many young black mothers struggle alone to raise the next generation of black youth, it is difficult to see the potential for fundamental change via these traditional methods. Even the election of black candidates to the highest municipal offices has so far failed to effect such change. Yet, to the extent that we can foster institutions within the black community that encourage responsible male involvement in parenting, help prevent unplanned pregnancies, and support young unwed mothers in their efforts to return to school and become self-supporting, important changes in the lives of the most vulnerable segment of the black population can be made.

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These ought not to be seen, then, as mutually exclusive strategies. Financial and other government support may aid internally directed action of the sort described above, and this action will certainly be more effective as the elimination of historical forms of discrimination takes hold. Moreover, the traditional civil rights organizations are especially well situated to undertake these internally directed efforts: They have a strong network of affiliated local organizations, a reputation for service to the black community, the ability to call upon the most talented and accomplished individuals within the black community for assistance, and they continue to enjoy the respectful regard of many in the philanthropic institutions.

Political discourse and self-imposed censorship

The undertaking which I advocate—centered, as it is, on the behavior of individuals—will necessarily involve a discussion of values, social norms, and personal attitudes. Such an undertaking is a difficult matter at best, and especially so in recent years for black Americans. Black leaders and intellectuals have, on the whole, sought to avoid public discussion of the role that such normative influences might play in the perpetuation of poverty within the group. This is understandable but unfortunate, because there really is no other way in which such matters can effectively enter public discussion. For government to attempt in the name of public policy to mandate, or even to discuss, what the values and beliefs of any segment of the society should be, is to embark on a course fraught with political, constitutional, and moral pitfalls. Moreover, in today's political climate, concerned external observers of the black community are in no position to raise such issues if they desire to maintain their credibility as "liberals." Only blacks can talk about what other blacks "should" do, think, or value and expect to be sympathetically heard. That is, *only blacks can effectively provide moral leadership for their people*. To the extent that such leadership is required, therefore, it must come from within.

Even so, such leadership has been in relatively short supply. While black communities and their residents have been dramatically affected by "black-on-black" crime (many inner city merchants now offer their goods from behind bullet-proof partitions, and black ghetto-dwelling women face a risk of rape higher by several magnitudes than that faced by whites), black congressmen concerned with criminal justice issues focus instead on "police brutality." Although police behavior is obviously an issue of legitimate concern to blacks, the damage done by the criminal element within

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black communities should be regarded as an even greater concern. As the gap in academic achievement between black and white youngsters persists at intolerably high levels, very little can be heard from black leadership (with a few noteworthy exceptions) regarding the extent to which this performance gap is the result of the behavior and values of black children and their parents. As black women struggle to provide for themselves and their children without appropriate financial support from their men, discussion of male irresponsibility has been largely confined to the writings of black feminists.

This is a curious situation, for individual middle class blacks have long emphasized and lived by values and norms that are entirely inconsistent with the behavior described above. Such behavior is thus not only inconsistent with success in American society, but also with the ethos of much of the black community itself. Current and future black spokesmen and leaders are drawn almost exclusively from this social stratum. But having achieved professional success, they appear not to recognize that their own accomplishments are rooted in the kind of personal qualities that enable one best to take advantage of the opportunities existing in American society. As a result, the opportunity for their lives to stand as examples for the lower class of the community goes relatively unexploited.

A moment's reflection on the history of black Americans will suggest why the discussion of values and norms has been such a limited part of the group's struggle for social advance. Obviously, the atmosphere of racist ideology within which blacks have had to function is of fundamental importance. Since the early days of slavery, and owing to the justification necessary for its practice in a democratic, Christian society, blacks have been forced to defend their basic claim to an equal humanity before the general American public. The presumed inferiority of the African was the primary rationalization of his enslavement. The social Darwinists of this century and the last, by finding the explanation of blacks' poverty in their culture or genes, posed basic challenges to the integrity and self-respect of the group. The "retrogressionists," who well into this century argued that the black population was doomed to revert to its natural state of depravity without the civilizing influence of paternalistic masters, created an environment for thoughtful blacks that has been unique among American ethnic groups.

Among the major consequences of this ideological environment is the stifling effect that it has had on the internal intellectual life and critical discourse of the black community itself. Objective assessment and discussion of the condition of the community has been

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made difficult for blacks because of the concern that critical discourse within the group (about the problems of young, unwed mothers, or low academic performance, for example) might be happily appropriated by external critics seeking support for their base hypotheses.

It is hard to overstate the significance of this constraint on discourse among blacks. Its consequences have not gone unnoticed by outside observers. As Daniel P. Moynihan once wrote in these pages, regarding his earlier study of the Negro family:

> It is now about a decade since my policy paper and its analysis. As forecasting goes, it would seem to have held up . . . This has been accompanied by a psychological reaction which I did not foresee, and for which I may in part be to blame . . . I did not know I would prove to be so correct. Had I known, I might have said nothing, realizing that the subject would become unbearable and rational discussion close to impossible. I accept that in the social sciences some things are better not said.[4]

Moynihan, of course, had argued that the growth of single parent families posed an emerging and fundamental problem for blacks, which would impede the ability of some to advance in the post-civil rights era. It is by now quite evident that he was right. The problem he identified nearly 20 years ago is today twice as severe, with no solution in sight. And yet, when he released his study he was savagely attacked for "blaming the victim," and for failing to see the inner strengths of these families whose form represented a necessary adaptation in the face of American racism.

A similar scenario could be offered to describe the reaction of some black leaders to discussions of racial difference in arrest and incarceration rates for various criminal offenses. The NAACP apparently views this disparity as further evidence of inequality of opportunity:

> Blacks make up only 12 percent of the nation's total population . . . but an incredible 50 percent of the total prison population. With half of all the prisoners in the United States being black, the fact that only 4 percent of the nation's law enforcement personnel is black is a sad commentary on equality of opportunity . . . Why are so many blacks in prison? And why are so few blacks in law enforcement? One inescapable answer applies to both questions: Racism. Superficially, it would appear that blacks commit more crimes than anyone else . . . [However] [t]he only explanation for this . . . discrepancy is conscious choices of key decision-makers to focus on crimes committed more frequently by blacks.[5]

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[4] Daniel P. Moynihan, "The Schism in Black America," *The Public Interest* 27 (Spring 1972): 3-24.

[5] *The Crisis* (April 1982), p. 13.

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The intellectual perspective evident in these remarks clearly precludes any serious discussion by black leaders of the problem of criminal behavior. It is incredible, in light of the obvious consequences for those who must live in the crime-ridden neighborhoods of our central cities, that organizations dedicated to improving the welfare of blacks are so reluctant to oppose this behavior forthrightly. There are worse things than "blaming the victim."

One could also mention discussions in the social science community of racial difference in performance on intelligence tests, which elicit a similar reaction from black leaders. All of these problems —family instability, criminal behavior, academic performance— have these features in common: They are essential if one is to understand accurately the condition of the black population; their resolution is fundamental to the progress of blacks; and they are seized on as evidence by those outside the black community who subscribe to racist propositions about black inferiority. As a result, many blacks have imposed on themselves a kind of censorship; they agree not to discuss these matters frankly in public and to ostracize those blacks who do.

One can generalize about the source of this difficulty. Political discourse within a somewhat insular and legitimately suspicious community requires trust. The nature of the external threat is such that members of the community must always be "on guard." There are those who would welcome proof of the group's inferiority, rationalize its predicament, or roll back its progress. These forces may have supporters, witting or not, within the group itself, and members of the group know that their every public utterance must be calculated with this in mind. One cannot know with certainty, then, where a speaker is "coming from," but this in no way inhibits speculation as to his motives. Someone who speaks on behalf of the "free market," or who intimates that there are deep structural problems within black communities having to do with values and attitudes, courts trouble because enemies of the group have made similar claims. In such an environment it is likely that individuals within the community will tacitly agree not to discuss certain ideas, at least not publicly, thereby impoverishing political discourse.

Tacit censorship of this sort tends to perpetuate itself, and for good reason. Once it exists, suspicion of those who violate the implicit accord becomes justifiable; for in a sense, the accord acts like a self-fulfilling prophecy. Only someone who places relatively little weight on social acceptance by the community—someone who, therefore, is objectively less likely to share the group's prevailing conception of

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its interests—would be willing to breach the implicit contract of silence. Self-imposed limits on the group's discourse might, then, live on after most individuals have recognized that something is wrong.

This suggests that when the barriers to discussion finally break down, as they must, the change will be both rapid and complete. Because of their unimpeachable integrity and commitment to the community, such institutions as the black churches, fraternal and sororal organizations, and the nationally based civil rights organizations are particularly well suited to this undertaking. While the behavioral problems described here are by no means unique to blacks, the stifling of critical discourse within the black community has impeded analysis and slowed the development of new approaches to resolve these problems.

Black political capital: Who benefits?

The fact that values, social norms, and personal behaviors often observed among the poorest members of the black community are quite distinct from those characteristic of the black middle class indicates a growing divergence in the social and economic experiences of black Americans. The extent and importance of this divergence is often the subject of acrimonious debate, but its existence is beyond serious dispute. The simple fact is that the opening of opportunities occasioned by the legal and political successes of the civil rights movement has led in a generation's time to a dramatic increase in the number of blacks attending elite colleges and universities, entering the professions, and engaging in successful business enterprises. Yet the ghetto-dwelling residents of central Harlem, of Watts, of the west side of Chicago, or of the east side of Detroit are not often found among this new cadre of aspiring young blacks. Nor is the prospect that their children will enter this social stratum nearly as great as it is for black children elsewhere. There are thus genuine differences in the social circumstances of blacks, differences which suggest the much abused sociological concept of "class."

These differences in social circumstance, together with the realities of political advocacy on behalf of blacks in contemporary American life, provide a compelling *moral* argument for the expansion of internal actions aimed directly at improving the circumstances of the black poor. The point is that more fortunate blacks benefit, through the political system, from the conditions under which the poorest blacks must live. This implies a concomitant obligation to help improve those conditions, though there may be little incentive to do so.

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The methods by which blacks wield influence on the formulation of public policy in this country are legion. There is, of course, the effect of the ballot. Many southern politicians have learned to "sing a different tune" because of their recognition that election without black support has become impossible. In major urban areas throughout the country black candidates now successfully compete for the highest offices, significantly affecting the conduct of local governments. The most recent presidential campaign suggests additional channels through which the black vote can influence policy-making.

In addition to raw political muscle, however, blacks enjoy the benefit of the widely (though, obviously, not universally) held perception that their demands on the political system are a test of its justice and fairness. The extent to which an administration is perceived as "sensitive" to the claims of blacks has become a measure of its compassion, or a sign of its callousness. Many Americans accept the notion that the government should, in some way, deal with the problems of blacks because that is the proper and decent thing to do. The existence of "liberal guilt" has been instrumental in sustaining political support for initiatives of substantial benefit to blacks.

There are few things more valuable in the competition for government largess than the clearly perceived status of victim. Blacks "enjoy" that status by dint of many years of systematic exclusion from a just place in American life. A substantial source of influence thus derives from the fact that blacks are perceived as having been unjustly wronged and hence worthy of consideration. *The single most important symbol of this injustice is the large inner city ghetto, with its population of poor blacks.* These masses and their miserable condition sustain the *political capital* that all blacks enjoy because of their historical status as victims.

The growing black "underclass" has become a constant reminder to many Americans of a historical debt owed to the black community. Were it not for the continued presence of the worst-off of all Americans, blacks' ability to sustain public support for affirmative action, minority business set-asides and the like would be vastly reduced. (Even women's groups, by citing in support of their political objectives the "feminization of poverty"—a phenomenon substantially influenced by the increasing number of black families headed by women with low incomes—derive benefit from this source.) The suffering of the poorest blacks creates, if you will, a fund of political capital upon which all members of the group can draw when pressing racially-based claims.

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It is thus not surprising to find that whenever any black leader argues for special assistance to some members of his community, whether that assistance flows directly to the poorest blacks or not, one will hear about the black teenage unemployment rate or the increasing percentage of blacks living below the poverty line. The fact that the median black family income has increased little relative to white family income over the period 1960-1980 is frequently cited by black spokesmen and others to support the general claim that "nothing has changed." No major government purchasing effort at the local, state or federal level can proceed now without the question being raised "What is in this for minority business?" Inevitably the low economic status of the black poor will be referred to as justification for the claim.

I am saying nothing here about the motives of black leaders, businessmen or professionals. I only observe that their advocacy for policies that benefit blacks who are not themselves poor is most effective when couched in terms that remind the American polity of its historic debt, and that this is most readily accomplished by referring to the condition of the poorest blacks.

And how have the black poor benefited from the policies extracted from the system in their name? The evidence suggests that, for many of the most hotly contested public policies advocated by black spokesmen, not much of the benefit "trickles down" to the truly poor. As far as I know, there is no study to support the claim that set-asides for minority-owned businesses have led to a significant increase in the level of employment among lower class blacks. It is clear from extensive empirical research on the effect of affirmative action standards for federal contractors that it is mainly those blacks in the higher occupations who have gained from this program. If one examines the figures on relative earnings of young black and white men by educational class, by far the greater progress has been made among those blacks with the most education. Looking at relative earnings of black and white workers by occupation, one finds that the most dramatic earnings gains for blacks have taken place in the professional, technical, and managerial occupations, while the least significant gains have come in the lowest occupations, like laborer and service worker. Thus, a broad array of evidence suggests that better-placed blacks have simply been able to take better advantage of the opportunities created in the last 20 years than have those mired in the underclass.

The Marxian notion of exploitation refers to a circumstance in which workers receive less from the process of production than their

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labor has contributed. It seems evident that today poor blacks gain less from the political process than their votes and misery contribute to the effectiveness of black advocacy. Sadly, this circumstance may continue for some time.

I am not suggesting any malice or bad faith on the part of middle class blacks who are able to extract concrete gains from the system. Indeed, these individuals need not realize how their behavior, along with that of many others, leads to a situation in which exploitation occurs. It seems to be a feature of the contemporary American political economy that the kind of benefits most readily generated for blacks accrue more often to those who are not worst-off. It is a simple matter to see that the prime contractor on a large municipal construction project uses a certain percentage of black subcontractors, and much harder to assure that the fatherless child of a poverty-stricken mother avoids the hazards prevalent in the ghetto. We can demand that a consumer franchise company give dealerships to black entrepreneurs, but not that the high school valedictorian be black.

This, to my mind, is solid basis for a moral argument that ways must be sought to enlist those blacks who have achieved a modicum of security and success in the decades-long task of eradicating the worst aspects of black poverty. The nature of the problems besetting inner-city communities, the character of political advocacy by blacks in the post-civil rights era, and the drift of politics in contemporary America seem to require that any morally defensible and realistic program of action for the black community must attend first to the fostering of a sense of self-confidence and hope for the future among members of the black "underclass." Certainly, the federal government can play a critical role in this process. Yet it is equally clear that the black business, academic, and political elites must press for improvement in their own peoples' lives, through the building of constructive, internal institutions, whether government participates or not.

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Educating for the Professions: Introduction

NO COUNTRY matches the United States in the profusion of its types of professional education, for public service and for specialized occupations that aspire to become professions. This series addresses problems of education for professions that have some role in making, administering, or interpreting public policy. We exclude medicine and law: Despite criticism of the way they educate, these professional schools are not easily affected by criticism from the outside—or the inside. They control access to lucrative professions of great prestige, and that seems to protect them from the need to consider or undertake drastic changes. But when it comes to schools for public policy, public health, educational administration, business, city planning, journalism, social work, and much else, controversy has flourished since the time, not very long ago, that schools for these professions were established. It seems we will not do without them: It is a rare radical who proposes total abolition. It also seems we are at a loss as to what they should be, and are dissatisfied with their products. They shift, often radically, in the kind of scientific or academic disciplines they prefer as the basis for their curriculum. Economics? or psychology? or sociology? or political science? or moral philosophy? They shift and disagree over the kind of teaching that makes the best preparation. Case study? Classroom disciplinary education? Internship? Apprenticeship? Game-playing? While the study of medicine and law proceeds along a scarcely ruffled or changed path, set more than three generations ago, the schools for the minor professions dealing with public affairs are deeply affected by shifts in fashion, taste, knowledge, and assumption. Two or three radical changes in a generation are not uncommon. None of the types of professional education we have listed has

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escaped serious debate, going to the foundations of the profession, and the type of education necessary for it. In each, we find conflicts among students, teachers, professional organizations, and the representatives of the public at large as to what they should be and what they should do. In each, troubling doubts affect leading practitioners of the profession and leaders in professional education, not to mention thoughtful students attending the schools.

The Public Interest *has asked a number of people who have intimate knowledge of the situation in each of a number of areas of professional education as teachers or practitioners, ex-deans or prospective deans, to present a personal view as to how the field fares, what its problems are, and perhaps in what directions it would be best for them, and the fields they serve, to move. These articles will be published over the next few issues.*

—The Editors

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The once and future school of public policy

AARON WILDAVSKY

I have two partially complementary and partially opposed views. One is that schools of public policy as they now exist will continue much as they are. The other is that social developments, particularly the growing polarization of elites, will substantially alter their character. In the course of elaborating both views, I shall pose the usual questions—Where were these schools before? How did they get there? Where are they now? What will and/or should happen to them?

The Great Society and public policy schools

The immediate impetus of graduate schools of public policy was undoubtedly the Great Society. Suddenly new major social programs were there, and, almost as quickly, many of them were widely judged to have performed poorly. Why? Perhaps they were evaluated too early or held to too high standards. Perhaps social science research is flawed so that negative rather than positive results are more likely to be reported. Perhaps.

But more substantive reasons can be given. For one thing, people are difficult to change; where the change that is sought inheres in people (decreasing crime, increasing reading) rather than in the government (building bridges, mailing checks) program effectiveness declines. Since the natural human resistance to being molded in

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other people's images impedes dictatorships as well as democracies, this difficulty is not all bad. For another thing, no policy has effects in just one direction. It is hardly possible, for instance, to alleviate misery without simultaneously encouraging it. People above the poverty line may slacken their efforts, seeing that those just below are doing better on welfare. People already poor are encouraged to stay poor. Now who would voluntarily stay on subsidy instead of taking gainful employment, were that available? Very few; but that is not the real story. When the choice is between a low-paying job and welfare, a series of small choices may well keep poor people where they are instead of where they and their government would have wished them to be. This is not a decisive argument against welfare programs, only an acknowledgement of the principle that when you subsidize something, you are likely to get more of it.

For whatever reasons, by 1968 serious doubts were being expressed by evaluators (stipulated objectives were not being met) and by politicians. On the political right, social programs were damned for increasing dependency (and at high cost), on the left for buying off protest too cheaply while actually perpetuating institutions that oppressed the poor. Analyzing public policies to see what went wrong, to learn how to do better, and to teach this understanding was the major motivation for establishing graduate schools devoted to the analysis of public policies (in the United States, at least, though not nearly to the same degree elsewhere—a subject to which I will return).

Inventing a new kind of school

Taking a step back in time, we can talk about schools of public policy originating in what they were against as well as what they were for. They were against existing schools of public administration, area studies, and uni-disciplinary work. Whether these schools were wonderful or terrible, their repute was low. I recall this very well, because, when our Chancellor asked me to form a new school, I said, "What kind?" and he replied, "Not an old school of administration." (Indeed, a whole new field called "organization theory" had to grow parallel to the field of public administration, covering most of the same terrain, in order to make it respectable again.)

Much the same was true of foreign area studies. It had become apparent that learning little facts about Bungado did not get us very far. And as people became more experienced in dealing with policy, there was disenchantment as well with single disciplines. Now this may have had nothing to do with the discipline. It may be that we

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always have to know more than we can ever find out; or that everything interesting intersects at least two disciplines; or that whatever one is studying (economics or politics or public administration) is not the right field for the purpose.

So what were the schools for? One thing they had in mind was a vague analogy to schools of business. These had status on the campus. They were tied to external constituencies. They received support. Their graduates were employed. My worry as dean was whether newly-minted policy analysts could find work. As things have turned out, there have been very few unemployed alumni of the Graduate School of Public Policy in Berkeley, and I believe this is true of the other schools as well.

In general, schools of policy were designed to be organizations that would do for the public sector what business schools had done for the private sector: produce students to colonize the bureaucracies, to criticize what those bureaucracies were doing, and, in a modest way, to set things right. By seeking agreement on avoiding the worst, the analytical movement seeks to improve the quality of the policy process. To get money from the Establishment for criticizing its behavior was the ideal. "Think tanks" provided positive identification. They joined practical problems to intellectual power; they were multidisciplinary. Tied into centers of power, they got their kudos from inventing new policies. Persuading people in government that whatever they were doing could not be right was their forte. After all, if agencies were doing the right thing, what would they want from analysts? Nor were the think tanks far from a certain academic intellectual style. In the field of nuclear weapons, for instance, the purpose was (and is) to imagine extremely unlikely states of affairs in order to make sure that we never, never, have empirical experience with them. And for whom is this mode of abstract thought more appropriate than for the academic?

The eclipse of "macro-macho" analysis

Another element in the social context was the kind of theory then in vogue. This was a time when microeconomics replaced sociology as the great scavenger of the social sciences. Just as there once had been a sociology of practically everything (sociologists, alas, suffered a calcification of the theoretical arteries, as a reading of their journals from the 1960s suggests), in its place came microeconomics as *the* theory of rationality. One form this took was "program budgeting." Before there were schools of policy, there were in fact curricula in program budgeting, generally nine months long

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and giving birth to very little—an experience which taught something about teaching technique without providing an intellectual context in which to put it or a mechanism of socialization to solidify its impact.

A second, highly favored field was operations research, with its variety of optimization methods, especially linear programming. During World War II it turned out there were simple problems like bombing patterns or convoy patterns that were amenable to a few armchair analysts who understood a little about optimization methods. When people with practical experience fail and theorists succeed, the enterprise of abstract modeling receives reinforcement.

The origins of the "macro-macho" version of policy analysis—the belief that large national problems, from defense to welfare, are susceptible to solution through applications of economic analysis—were rooted in the intersection between economics, statistics, computing, and the defense "think tanks" of the early 1960s. The real costs of computing went way down, thereby suggesting that models with dozens of variables, big enough to capture real-life complexity, were then, or would soon be, feasible. The capacity to build big models implied the ability to understand large national problems by measuring (and then minimizing) the loss of economic efficiency among the various alternatives to existing policy that were considered.

The real loss was innocence. Experience showed that our intellectual ability to measure failure was far greater than our collective capacity to cause success by altering human behavior. Clear-cut solutions did not emerge from systemic analysis, moreover, because sufficient agreement about objectives as well as knowledge of their consequences could not be obtained. In an amazingly short time (within a decade), therefore, a counter-reaction set in: Flushed with ostensible success in defense policy, analysts might have taken as their ethos the centralized, large-problem focus of program budgeting. Instead, sobered (made too timid, some would say) by failure, the teaching and the practice of analysis took on its contemporary characteristics—incremental as opposed to radical change, smaller rather than larger problems, decentralized, bottoms-up analysis dealing with diverse preferences, not the centralized, top-down preference of a single decision maker.

The earliest substantial manifestation of analysis was evaluation of social programs. The evaluation industry (and it is an industry) employs many more people than have ever been graduated from schools of policy analysis. One thing evaluators learned was that most analysis is rejected by the organizations that sponsor it. But if

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policy analysis was to have practical importance—intended to be, as it was, an applied subfield—it had not merely to be done but to be used. One way of bridging the gap was to develop a new specialty called "implementation"; a parallel effort was devoted to the utilization of policy analysis. Hence emphasis shifted to the political uses and abuses of analysis.

Connecting economics and politics, in a way very important for schools of policy, was one of these minuscule elites that do not show up in anybody's survey of mass opinion, but which are nevertheless significant; namely, the "public choice" movement, composed of social scientists who apply economic analysis to politics. These are the people behind the balanced budget-spending limit amendment, behind the flat tax and variants thereof, behind the rationalization of limited government. When public choice theorists started developing persuasive models of organizations, their influence loomed large. Schools of public policy needed some way to connect politics, economics, and organizations, and public choice was what there was.

Deep in the recesses of the minds of political scientists who took part in the formation of public policy schools was the Lasswellian paradigm, a language of policy analysis that stressed its essentially normative character: the problem-oriented, value-laden, interdisciplinary historical, contextual, and hoped-for democratic character of policy advice that Harold Lasswell stressed in teaching the importance of analysts in relation to power. His designation of the "policy sciences," as he called the effort to bring intelligence to bear upon public policy, was suffused both with a sense of the limits of quantitative methods and of the obligation to clarify goals in the service of human dignity.

Breaking the bureaucratic monopoly

I have not mentioned something so obvious in facilitating or inhibiting the movement for policy analysis that it has largely escaped attention. The demand for analysis depends on the desire for competition in the giving of advice. There must be more than one alternative; they must come from more than a single source; and there must be sufficient dispersion of power in society so that competing sources of advice have a chance of being heard and acted upon.

It is exactly intolerance for independent advice that has inhibited schools of public policy from starting in Europe. If you have hierarchical societies, if you have legitimated the idea of bureaucracy having a monopoly of expertise in policy areas, you will not

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look too favorably on the idea of think tanks. What are analysts supposed to do? If they are supposed to ratify what the government does, they are hired guns, self-serving and worse. If they are to criticize it, that means government cannot be doing the right thing; then, in the European view, the party or parties that rule should be changed. The sense that authority goes with position rather than having to be earned each moment is very European and Japanese but it is not at all American. Competition among parties (think of them as rival hierarchies) has been legitimated in Japan and Europe but not yet competition of policy ideas outside party and bureaucracy. That is why policy research, if done at all, takes place in institutes attached to political parties.

Traditionally, the main characteristics of bureaucracy are seen as security of tenure and a monopoly of expertise. The policy analytic movement in American has weakened tenure and destroyed monopoly. For every important area of policy in America, there are numerous rival centers of analysis. Are not these the same people who used to hold bureaucratic or legislative positions or who are likely to hold them in the near future? They are the rival corps of analysts in the congressional staffs, in the congressional budget office, in the legislative reference service, in think tanks, in universities, in foundations for this and institutes of social study for that. The bureaucracy has not only lost a monopoly of expertise in defense, but also in transportation and welfare and medical care. Civil servants can no longer claim they really know better than anybody else, a claim that our bureaucracy could make in most areas of policy through the 1950s. Consequently, information about public policy—how it works now, why it might work better, which clienteles it might serve differently—while once a private preserve, has become public property; its provision has changed from monopoly to a competitive enterprise.

At any given time, half of all analysts (the "outs") are criticizing what the other half (the "ins") are trying to do. The support of government by the ins is just as crucial as the criticism of the outs. Every four years or so, many of them switch positions. Both sides think having this competitive game makes for better policy. Analysts defend government as much as they criticize it; that is what makes the game interesting.

Lacking the commitment to competition to sustain independent, non-government, non-party, non-interest group thinking, Western Europe lacks either think tanks or schools of public policy. Why, one might ask, to round out this discussion of competition, have

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there been no schools of public policy in the Third World? Certainly, there is no lack of problems or of the need for talented people to help ameliorate them.

Where ruling elites are dedicated to the expansion of government, graduates of schools of public policy would be an impediment. Instead of valuing government as the agency of first resort, they are likely to consider it a vehicle of last resort. They will ask instead what incentives might be offered or disincentives removed to encourage others—private companies, community groups, semi-official bodies—to take on the task. They are interested in liberating the underutilized capacities of the populace, not in adding further to government overload. The hands-on orientation inculcated by schools of analysis is also foreign to elite corps of civil servants who value positions in the capitol. When government conceives of itself as the Great Employer (hire this one, fire that one) instead of as the employee, there is no point in looking outside for advice.

Students in a graduate school of public policy learn how to collect data under difficult conditions, make sense of it with simple models, integrate their proposals into organizational ambitions, and otherwise get and keep in touch with their clientele. This "hothouse" atmosphere creates an esprit de corps around tangible accomplishment. They are socialized to think in terms of alternatives, to care about results, and, above all, to take a "can do" attitude to a recalcitrant world. This optimism marks them as peculiarly American.

Analysts are decentralizers. Given the endemic uncertainty, the paucity of reliable data, and the absence of knowledge, it is, on average, better to do small rather than large projects, tap the dispersed information of people in the field, try tiny experiments, and learn from experience. For all this, the incremental, implementing, field-oriented world of analysts is superior. The operational style of the analyst is also morally desirable in that it favors modest improvement over calamity. It leaves many moderately better off and few worse off. "Steady as she goes" may not be as glamorous as "full speed ahead," but it is protective of mankind's modest capacity for virtue disciplined by intelligence. It is in this dual sense—working within the limits not only of mankind's cognitive but also its moral capacities—that policy analysis is profoundly conservative.

Analysts do sing more than a single tune. They are aware of the defects of decentralization. Hence, they may support centralization to expand the size of markets, to internalize externalities, to take advantage of increasing returns to scale, and otherwise to do better nationally what is less well-done locally. But their instinct, their

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bias if you will, is to be more skeptical of centralized solutions. Besides, there are others whose cast of mind fits them better to be proponents of large, expensive, uniform, and, quite possibly, irreversible policies.

The power of the centralizer is known by the fact that he is always in his office in the capitol, though, to be sure, it is always difficult to see him; whereas the efficacy of the analyst is judged by how little he is home, how often he is in the field, and how accessible he is to people in the localities. The centralizer's conversation is concerned with how the new plan is more ambitious than the old, while the analyst's conversation is about learning from field experience to modify existing projects. One compares plans in the capitol, the other implements projects in the field.

The schools flourish

There are many schools of public policy in the United States—how many I do not really know, anywhere from 20 to 100, depending on how you count. They have similar curricula. They teach microeconomics, quantitative modeling, political and organization studies, and either a practicum on some area of policy or a practicum combined with an effort to teach "political economy"; that is, principles for or against government intervention in different contexts. They also sponsor apprenticeships of their students to practicing analysts.

More important than their curriculum, in my opinion, is their ethos. From the first week, students are placed in an active position. They analyze, grub for data, reformulate problems, write and write again to communicate with clients. Fieldwork is their forte. An analyst with clean hands (in the general sense of that term, as we shall see) is a contradiction in terms.

Schools differ, of course, but in my opinion, they differ marginally. Some, like Carnegie Mellon, do a great deal of quantitative work. Others, like Berkeley, do more political and organizational analysis or economic theory. Duke has an undergraduate program. The Rand Corporation offers collaborative research on its projects as part of the course of study at its graduate institute. Some schools (the Kennedy School at Harvard and the School of Public Affairs at Maryland come to mind) are starting to give greater emphasis to management. At the moment, this means adding marginally to the regular curriculum by offering courses in public sector accounting and finance (collecting revenues, borrowing money, servicing debt, investing capital, controlling internal operations through expendi-

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ture allocation). By substituting one word, namely, "administration" for "management," the old world of public administration is being revived under the new rubric of "public management." How much or how little, we may ask, is involved in the small but growing movement toward public management?

Teaching leadership, like inculcating entrepreneurship, is difficult, perhaps impossible, to do. No one knows how to teach others to become creative. Going the other way, however, a technocratic approach—the manager's task is to achieve clear, consistent, and pre-ordained objectives—is rejected by adherents of public management. And not only because objectives of public policy, arrived at by negotiation, are typically multiple, conflicting, and vague. Grasping the nettle with two hands, they wish to be both more technically able and more politically sophisticated. Unwilling to give up any aspect of the policy analyst's craft, they wish to graft on to this preexisting branch of applied social science such tasks as guiding consensus behind managerial objectives or, if these are judged inappropriate, acting to secure political support for changing them. "Entrepreneurial administration," as Colin S. Diver put it, "is self-promotion, power politics, risk-taking, broken field running." Since such blatant power-seeking appears to be at odds with democratic norms, which rest on responsibility in elected officials accountable to the citizenry, the search is on to replace this with, in Robert Behn's phrase, "a less amoral model."

In addition to its evident effort to provide a public sector analogy to private business (or, more accurately, business schools), the public management approach, as I see it, is a reaction to the limits placed on policy analysts. Just as evaluators are trying to become utilizers, so their work will not be rejected as frequently, public management people, in order to better control their fate, seek broader conceptual hegemony. They have a point. It can be frustrating to observe that those who have power seemingly lack intelligence and those who seemingly have intelligence certainly lack power. All else failing, the next move may be to train politicians to be analysts. Whether we want public officials to know so much about what is intelligent and correspondingly less about what is acceptable to other participants, gets to the heart of the objections of worried observers who fear a denigration of the political arts in a democracy.

What can we say about how successful graduate schools of public policy have been? They are honored on their campuses. Their students have tremendous mobility. They are coming into the academy; doctoral programs have apparently turned out people worthy

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of being hired as professors. By any reasonable indicator of success in this work, including the dedication of the faculty, the capacity to attract talented students, the willingness of people to do research, the demand for this service in society, schools of public policy have made it. They have also proved to be recession-proof institutions. When government is expanding, it needs more of everything so it might as well have analysts. When times are tough, agencies need people to tell them how to cut back. Either way, it is apparent now that our graduates will do all right. But are they doing right?

Virtues of "value-free" analysis

Living in a quite different milieu, where the advantages of hierarchical and the disadvantages of market organization appear far greater than in America, European observers are likely to wonder how education for public service in the United States can thrive on such a restricted ideological base. Because it lacks conflict between socialist and capitalist parties, they see America as ideologically homogeneous. Can there be real competition, they wonder, if the values governing economic and political competition are not questioned? Instead of considering politics a constraint on good policymaking, as Americans do, they think it would be more democratic to inquire, first and foremost, into what is politically desirable, and then to treat economic factors as possible constraints. Creating consensus, in politics, depends on acknowledging the value-laden character of public policymaking. The fiction of analytic impartiality has blinded Americans to the influential policy analysis that is done in Europe, not because of its uneven quality but because of its location in interest groups and political parties. By making policy subordinate to politics, Europeans prefer to give up efficiency for legitimacy.

The virtues of American schools of public policy in training people for public service may be appreciated by considering the vices of which they are accused. When radicals claim that policy analysts sell out to the Establishment, reactionaries contend that they subvert it. It is said that schools of policy analysis lack values. Of course this cannot be, since analysis requires choice and choice involves criteria based on preferences. These schools are accepting of the democratic institutions in which they find themselves, basing change both upon popular consent and elite understanding, each of which is in short supply. Thus left-wing critics are correct in observing that schools of policy are not concerned with large changes. They

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are schools of micro-policy, not schools of macro-policy. It is not the economy as a whole but the effects of specific changes in market prices and governmental practices that they observe and attempt to alter. There is little knowledge of how to transform institutions overnight except by force, and none on how to cope with the consequences.

When it is said that schools of public policy teach the practice of incrementalism, I can only respond: "Guilty as charged." They are meliorative, seeking to move away from known bads rather than toward grandiose goods. The models students make are generally based on the existing situation, moving beyond them in order to test the possibility of making modest improvements.

Besides being incrementalist, schools of policy are also parochial. They do not study the whole but the parts. They do not necessarily fix the entire difficulty but only those portions over which their clients have some measure of control. Should 90 percent of the difficulty lie elsewhere, products of schools of policy are likely to ask how the remaining 10 percent may be altered so as to better achieve the desired outcome. Thus policy analysts are localists at heart. They want to know what is happening in some small and therefore manageable part of the country.

Analysts are empiricists. They are, to refer to the usual animadversion, data grubbers. If the data do not exist, they will create rough approximations, even if they have to stay in uncomfortable positions for days making rough counts. Should data be missing, they will do without or fill in using rough, proximate methods. Where theory fails or is inapplicable—in other words, most of the time—they will resort to brute empiricism, trying one alternative after another until a better fit is achieved.

Analysts are mini-economists. The value of a good or service is what is given up to get it. This immersion in "opportunity costs" stresses alternative use of resources. Thus the negative as well as positive part of change, costs as well as benefits, receive attention.

Completed work is the aim of the analyst. The implementation of analysis—its acceptance by the client organization, its conversion into programmatic action, its execution in the field, evaluation of its operations, and its subsequent modification to better achieve desirable results—is the success the analyst seeks.

A self-study done at the Graduate School of Public Policy at the University of California, Berkeley, provides findings that I believe to be widely applicable. Students report that their course of study prepares them well for their future work. A sampling of positions

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they occupy suggests that (a) many are doing what they studied for, and that (b) some have moved to top jobs.[1]

Challenges to the analytic enterprise

Why, then, should these schools change? My account, thus far, has veered away from unresolved conflicts. After all, every organition has difficulties, experiences contradictions, cannot cope with everything equally well. And in the past, these contradictions have not mattered much because they have not reached down to the foundations on which schools of public policy rest. Nonetheless I believe schools will change because now their foundations are shifting.

Chances are, however, that this change will be incrementalist, as in the model taught by the schools themselves. The best bet always is that the future will be like the past plus or minus 5 percent. And to be sure, there is not at this moment any imposing reason why schools of public policy should change. Indeed, we can be certain they will maintain a lot of what they do—they will still teach similar subjects in their core curriculum; they will still be fieldwork-oriented. Why? Because it works and because it is essential. Even so, I think they will also change.

Let us begin anticipating change by talking about certain strains that have been part of these schools almost from the beginning, anomalies that will grow so sharp as to call forth efforts at remedial action.

Students are liberal. Why does one go to a school of policy? It cannot be because he thinks everything is just wonderful the way it is; if so, he would go to a school of business. Our students are change-oriented. This can lead to a creative form of despair; they love to do good but discover that they (or the project on which they are working) are doing poorly. I have held many counseling sessions with students on the difficulty of helping. It is, as the saying goes, up to the wise to undo the damage done by the good. Other matters are not so easy to resolve.

From the beginning students have requested that important matters of values, of what is desired, be considered, not just the status quo. Every school deals with this in some way. Eventually a course in moral problems of public policy appears. There are the

[1] Among the job titles given by the graduates were the following: Professional Staff Member, Congressional Committee; Program Review Analyst; Foreign Services Officer; Legislative Analyst; Partner, Solar Center; Management Consultant; Supervising Analyst; News Producer; Deputy Attorney General; Chief Economist (bank); Chief, Finance Office (city); Fair Housing Specialist; Division Director (state energy program); and Lobbyist.

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moral problems of the analyst: When do I resign? Is it right to take clients' money and undermine them? Can I work for organizations that are not as pure or egalitarian or as intelligent as I would like? Discussing the professional problems of policy analysts, however, is only a beginning.

The next step is to give course work on moral problems of public policy in which deep differences in values become apparent. Topics vary but abortion, affirmative action, and the siting of dangerous facilities are favorites. Schools need resilient and dedicated faculty members who can take a lot of abuse, who are patient as well as analytical. It is not easy to find faculty to do this but eventually it gets done.

The problem is that piecemeal discussion of value conflict is all right so long as the range of agreement in society is substantial. Analysts can then feel that they act as critics; they criticize the status quo, plus or minus 5 percent; when they are more critical, maybe 12.5 percent. When differences among elites grow to a substantial size, however, criticism becomes difficult to manage. The wider the disparity in values, the fewer facts each side is willing to certify, the more problematic knowledge becomes. Hence the analytical enterprise, which depends on taking most things for granted so others can be analyzed, becomes precarious. It is the growing polarization of elites, I believe, that will spur change in schools of public policy.

There has been a social revolution in our time, a redistribution of power in relationships between men and women, white and black, parents and children, to mention just a few of the great social-cum-value changes. These are not peripheral matters. They are central to how we live with each other. And the direction of change, so far, is clear: People who believe in equality of condition are much stronger (I did not say dominant) nowadays than they have been for a hundred years. But, at the same time, there is also a stronger pro-market, libertarian group, which talks about incentives, about reduction of marginal tax rates, about removing regulatory restrictions, about market alternatives to practically everything the government does, from school lunches to social security. The difference between now and the 1940s and 1950s is that free marketers are much more vocal and much more literate. F.A. Hayek, for example, hardly heard of before, is now their exemplar. You could not have a Jack Kemp or a Newt Gingrich or even a Gary Hart without the deeper dedication to market principles that we have seen.

The social conservatism found among religious fundamentalists is gaining strength as well. Their views are manifest in discussions

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of prayer and abortion. Their vision of social and moral differences being larger and less negotiable than they have recently been is not widely popular but, like its rivals, is becoming more strident. Just as the belief in greater equality of condition implies opposition to authority (diminution of differences between all sorts of people, including public officials and citizens), so does belief in authority imply that society ought to enforce codes of acceptable behavior. Though egalitarian and fundamentalist elites are alike in their fervor, they differ in the direction of their passions; the former would regulate business but deregulate, so to speak, social relationships among consenting adults; the latter would deregulate business, viewing it as part of the natural order of things, so long as it did not oppose the re-regulation of personal behavior.

It can be argued with considerable merit that the mass of the population is far less polarized than elites. Certainly, party activists are far more extreme in their views than are party identifiers in the population. Individual members of interest groups are more moderate than their leaders. Readers and listeners are less polarized than reporters and commentators for the major media. Yet it is these activists, leaders, and media personalities who shape the consideration of issues. They are the ones, together with politicians, who determine which policy alternatives receive credence and which do not. We have to be concerned with elites and the institutions they operate because it is these party, interest group, and media institutions that are the intermediaries between citizens and government.

Schools of public policy do not deal with, have never dealt with, and were never designed to deal with large-scale social change. One reason is that social change is one of the least understood subjects of all time. Academics have made reputations by trying to talk about large-scale social change. Like the talking dog, however, it is not so much what they say but the fact they say it at all that is remarkable. Another reason, when you are talking mostly about students at the master's level, is that there is no market for radical change. After all, big change, if considered at all in democratic societies, is reserved for politicians. Nor are most people likely to pay others to do them in—not knowingly, anyway. Still, even if there is no demand for analysts to sponsor radical (or, for that matter, reactionary) change, the fact of change, indeed of conflicting desires for change, poses a fundamental challenge for schools of policy.

As elite differences grow larger, analysts are going to have to answer a critical question: How might they bring people together so there can be agreement on a minimal basis for collective endeavor?

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For the analytic enterprise rests on sufficient agreement within society to bring data to bear on modest departures from whatever exists.

Can the center hold?

Polarization is the enemy of moderation. Extremism in the defense of liberty, to take a slogan from the 1964 presidential bid of Barry Goldwater, can be a vice if it precludes cooperation with other groups. Since it is no more possible to maximize simultaneously in opposing directions in policy than in engineering, the term "tradeoffs" has been used to signify the necessity of giving up part of one's preferences in order to realize others. Seeking solutions without acknowledging the necessity for tradeoffs, a taboo in policy analysis, is a standard sign of extremism. So is making tradeoffs itself a term of abuse, uttered only by the weak-kneed and mealy-mouthed. Unremitting hostility toward government or markets, denigration of policy based on either one, or a combination of both, not only makes political compromise difficult, it all but excludes the possibility of policy analysis. If there is to be only a single criterion of choice and only one instrument of policy, there is no need for analysts, only for people able to count up to one.

Increasing (but, of course, not total) polarization will make scholars in schools of policy more acutely aware of the presuppositions under which they operate. Not least of these are toleration, moderation, and what follows from them, namely, a modicum of objectivity. In other words, what had been assumed—substantial consensus over values—will, in a context of elite polarization, become problematic. Hence attention will have to be devoted to what makes analysis possible and fruitful, to its necessities and not, as now, to its luxuries, like whether existing policies ought to be moved a few degrees in this or that direction.

In the aftermath of the Civil War, the bloodiest war of the 19th century, attention in the United States turned to such subjects as citizenship and compromise. Political parties became an object of attention precisely because it was the breakdown of their integrative capacities that had opened the way to internal strife. Considering that every large-scale institution in American life, whether these be trade unions, the big churches, the houses of Congress, or the national political parties, is in trouble today, concern with them is long overdue. For who, then, will take over the integrative function of reconciling divergent views? And why, in the absence of reconciliation, should the contending factions care about research other than as a weapon in ideological combat?

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Schools of policy will have to find ways in which evidence matters. Therefore they will have to find ways in which polarized elites can talk and make sense to one another, thus making empirical inquiry worthwhile. If getting in touch with something out there does not matter or matters very little, then schools of policy will not matter. For self-preservation, if for nothing else, they will begin to study larger-scale social change. They will become more reflective in trying to understand the conditions of democratic life that would make schools like them possible. And they will also become more meliorative in trying to (re)create these conditions.

To the extent that these predictions prove false, that is, to the degree the current consensus remains or is strengthened, schools of public policy should remain much as they are today. Should polarization grow, however, I expect these schools to add on to their curricula a methodological concern with penetrating other cultures and a philosophical interest in the relationship between facts and values in society and, therefore, in policy analysis. Political subjects—once taken for granted as part of the background assumptions of analysis and, therefore, safe from scrutiny—will be reexamined. Among such subjects will be democracy, consensus, authority, legitimacy—the corpus of political philosophy.

Will schools of policy be absorbed into political science, much as schools of business have become more extensive departments of economics? That depends, I think, on whether the field of policy analysis is capable of, or interested in, a second intellectual revolution. The first revolution merged economics and politics through the study of public choice. Without this development, essentially a modern revival of classical political economy, the economists and political scientists who make up the bulk of the faculty would have had far less in common to sustain their collaboration.

The second revolution, if it is to come about, must join political economy to political culture, must move from the achievement of given objectives to their formulation. When economists are asked where objectives (read preferences, desires, values) come from, they say that these are "exogenous"—given outside of the system being investigated. Thus the very reasons for allowing or encouraging economic markets, the desire to lead a life of bidding, bargaining and self-regulation, are presumably outside the scope of economic analysis. So long as there is widespread consensus on the desirability of accepting the results of market transactions, taking them for granted does little harm. But when it is precisely their desirability rather than their operation that is at issue, when the morality of markets is

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one of the poles around which conflict centers, treating the contested as incontestable leaves a great deal to be desired.

Were the field of policy analysis to treat values as "endogenous" —emerging from the processes by which people construct, modify and reject the institutions that comprise the shared values and social practices of their cultures—the formulation of preferences and the attempts to better realize them would be joined together in theory, as they are in practice. The fact of elite polarization would be seen as an opportunity to move from a one-sided emphasis on the realization of given objectives to an equivalent concentration on their formulation. Once the way people organize themselves is seen as a source of preferences, moreover, different types of organizations can be associated with the characteristic biases that impel them to define problems (or, better still, what is problematic) differently. Problem solving will still be an essential characteristic of policy analysis, but it will be joined by its twin, problem finding—the study of what comes to be defined as a problem of public policy for adherents of different political cultures. Should it survive this cure, policy analysis, along with the schools that attempt to inculcate it, should emerge intellectually chastened—more variegated, more self-critical, and more aware of its dependence on social relations.

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Principals, superintendents, and the administrator's art

KENT D. PETERSON & CHESTER E. FINN, JR.

SCHOOL CRITIC Emily Feistritzer may have erred when she asserted in mid-1984 that "nothing in American education is in greater need of reform than the way we educate and certify classroom teachers." Perhaps she overlooked principals and superintendents, a much smaller cadre of men and women who wield even greater authority over the nation's public schools and whose own education and certification are ordinarily erratic, oftentimes mediocre, and in some cases even dysfunctional.

Practically never does one encounter a good school with a bad principal or a high-achieving school system with a low-performance superintendent. Ample research into the characteristics of particularly effective schools confirms the conclusions of common sense: The caliber of institutional leadership powerfully influences the quality of education. Yet at a time when the nation is deeply concerned about the performance of its schools, and near-to-obsessed with the credentials and careers of those who teach in them, scant attention has been paid to the preparation and qualifications of those who lead them.

This is curious for many reasons, not least because a relatively modest investment of intellectual and political energy in this domain could yield hefty returns. There are 2.3 million teachers, but school

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principals and superintendents together number fewer than 100,000 individuals. And whereas most teachers enjoy the dual protections of tenure and union membership, most principals do not, nor are the latter invariably bound to uniform salary schedules. Moreover, the next few years will witness a big turnover in their ranks. Upwards of 50 percent of all current principals hired in the 1960s and 1970s expect to retire or change jobs by 1990. Hence this is a profession vulnerable to policy changes as well as one where such changes need to occur quickly if they are to influence the quality of American school leadership for the remainder of the century.

Another new development makes this an opportune time to scrutinize the preparation and selection of education's middle managers. Traditionally, the principalship was the surest route out of the classroom and upward through the profession for the teacher who sought greater status, more influence, and a larger salary. Superintendents, in turn, have usually come from the ranks of former principals, often with several stops en route through the staff bureaucracies of school system central offices. The education profession has been a single pyramid with a large number of teachers at the bottom and a small number of administrators at the top. Now, however, we are seeing the development of "career ladders" for teachers in a few states (such as Texas and Tennessee) and communities (such as Charlotte-Mecklenburg, NC) and are apt to see many more of these. Opportunities will thereby become available for talented and ambitious instructors to become "master teachers," "mentor teachers," "supervising teachers," and the like, with attendant increases in prestige and remuneration. Under these conditions the teaching occupation will become more like the college professoriate, conferring added status, responsibility and pay on individuals who continue in the core role. And, just as being a full professor is more attractive to many academics than serving as dean or provost, teachers may find that remaining in the classroom is more rewarding than working at an office job. Moreover, as teaching gains some of the attributes of a true profession, the status and authority of the principal will change, and in time so will the position of the school superintendent. Hence it is none too soon to examine the means by which people are trained, certified and chosen for these key positions.

Licensing and the universities

Today, essentially all principals and superintendents are former teachers—the traditional structure of the profession here well-buttressed by the requirement in nearly every state that one must

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have taught a minimum of three years before becoming eligible for an administrator's license. This means that most principals and superintendents got their undergraduate education in teachers' colleges. It also means that one almost never finds a retired military officer, former bank manager, or ex-college dean heading a public school system. Lateral entry into administration, common enough in business and other sectors, is practically unheard of in public education—though private schools sometimes choose former professors, quondam deans, clergymen, even the occasional business executive, to lead them.

State licensure is everywhere a precondition to the principalship, and usually to the superintendency. (In a few jurisdictions, the superintendent is popularly elected rather than appointed by the school board.) Apart from teaching experience, licensure requirements vary considerably, from a handful of designated courses in school administration and school law to the possession of a master's degree from an "approved program" of graduate study. But whether few or many, these requirements are nearly always stated in terms of paper credentials supplied by colleges of education—transcripts and credit hours that must parallel those on a list maintained by the certification bureau of the state education department. License-seekers rarely have to pass any sort of test or examination analogous to a bar exam or to medicine's "national boards," nor does the education profession enforce any substantial standards for those seeking administrative certification. One gains entry into the associations of principals and superintendents simply by paying dues to them; attainment of that august station depends wholly on getting licensed by the state and hired by a school system, not on demonstrating knowledge or proficiency to one's professional peers.

In practice, earning a master's degree in education, usually in school administration, is the most common way of satisfying state licensure requirements. Fewer than 5 percent of all principals lack such degrees, which are awarded in large numbers by many universities. One third of *all* American master's degrees conferred in 1980-81 were in the field of education and these included 9,300 in administration *per se* and thousands more in related sub-fields. (In the same year, the nation's universities handed out 2,000 master's degrees in hospital and health care administration, 6,700 in public administration, 33,800 in business administration.)

In the higher elevations of graduate study, the field of education also looms large, accounting for almost one quarter of earned doctorates. At this level, administration is the largest education sub-

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specialty, numbering 1,600 degrees in 1980-81, about half as many as were earned in either the physical sciences or the social sciences.

Unlike most professional fields, however, educational administration displays no clear line of demarcation between the master's degree and the doctorate. Holding an Ed.D. or Ph.D. is a means of acquiring extra status and perhaps a better job, especially if one aspires to be superintendent of schools in a good district or, perhaps, a high school principal in one of the "lighthouse" systems such as New Trier, Greenwich, or Brookline. But in no state is it necessary to have the terminal degree in order to obtain an administrator's license.

The curious thing about such a license is that even where it is nominally necessary to possess a master's degree, one is rarely obliged to pass through a coherent program of professional training at a single university. The master's degree that is needed to become certified as a school administrator need not necessarily be a degree *in* school administration; in many states, any master's degree will do, if one has also accumulated the mandatory transcript entries, no matter how piecemeal the process of accumulation.

This arrangement naturally makes life easier for the aspiring school administrator, typically a part-time graduate student who takes a course or two each semester, often at night or on weekends, and another set of courses during summer vacation, all the while holding down a full-time job in the school system. Most universities allow students to transfer credit for courses taken elsewhere (including those taken many years earlier). Hence the institution that awards the degree may actually have been the source of a small fraction of the transcript credits that the degree holder presents to the state certification bureau.

This pattern is even more common at the doctoral level, where only by happenstance will an individual receive his terminal degree from the same institution where he earned his master's degree. Moreover, one can get by in some states without presenting a completed degree at all, so long as one's transcript contains an accumulation of courses with the correct titles. It is therefore possible to acquire one's graduate training in a congeries of institutions over a lengthy period, piling up course credits without the discipline of a formal program in school administration and without receiving the benefit of consistent supervision or feedback from the faculty of any single university. Many institutions of higher education will cheerfully cooperate; about 265 of them run administrator training programs recognized by the National Council for Accreditation of Teacher

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Education; dozens more offer degrees and many others supply isolated courses that may be counted toward licensure requirements. Thus academic preparation for school leadership is more apt to resemble a slow but lengthy wade along a shallow and meandering stream of unrelated course offerings than the total immersion in a deep pool that is the standard preparation for careers in law, medicine, and academe.

Still, graduate schools of education do function as gatekeepers to the precincts of school administration, controlling access and defining participation by furnishing the requisite courses and transcript entries with which a would-be administrator attains formal eligibility for such a position. Their norms, their standards, their educational requirements, and their professional expectations are more influential than any other single set of factors and will continue to be, so long as states recognize their transcripts as the primary credentials, a situation the colleges of education understandably hope to preserve.

How did the universities acquire this hegemony over eligibility for positions of school leadership? In essence, they imitated the traditional professions, entry into which is, to all intents and purposes, restricted to the graduates of university-based "pre-service training" programs beyond the baccalaureate, programs that undertake to supply a body of distinctive knowledge and set of prescribed skills, the acquisition of which is then tested through examinations given jointly by the state and the profession or through completion of an elaborate supervised internship. (Until recently, residents of some states could bypass law school and "read law" with a veteran attorney in preparation for the bar examination, but now—so far as we know—the university-conferred law degree is required in all jurisdictions. The M.D. degree is required of entrants into medicine, save for immigrants who may instead pass what amounts to an equivalency test. Only rarely does anyone become a professor without an earned doctorate in his discipline.)

The evolution of administration

University-based programs in educational administration developed later than those of the other professions, though Harvard established one for a time in the late nineteenth century. Paul Hanus proposed it and, reports Arthur Powell, President Eliot "strongly endorsed the idea to 'aim distinctly at training superintendents,'" for he sensed that they "needed to be regarded as experts qualified

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to assume 'full charge of the intellectual and moral management of the schools.'" This program fell into desuetude in the twenties, because President Lowell "doubted the legitimacy of school administration as a proper field of study." But in the meantime the idea of doctoral level study in education had begun to gain legitimacy at Columbia's Teachers College, starting with the appointment of Dean James E. Russell in 1898.

Though administration did not re-appear as a distinct subspecialty until later, its legitimacy was fairly well established on many campuses by the 1920s and 1930s, as principles of "scientific management" began to be applied to the schools. This development portended specialized—and university-based—training for the managers. And as possession of a college degree became a standard requirement for teachers—replacing the old "normal school" pattern—it was entirely predictable that persons engaged to supervise teachers and administer schools would be expected to have more advanced training than their subordinates. By the 1940s, educational administration was an accepted field of graduate education on many campuses, and these programs burgeoned as the post-war baby boom led to a massive expansion of school enrollments and to the need for many more principals and other specialized administrators. By the 1960s, hundreds of colleges and universities had programs in educational administration, and most of these endure today.

Other industrial nations have tended to follow the American pattern. Canada and Australia opened their first graduate programs in educational administration in the late 1950s. In Europe, where formerly the person in charge of a school was likely to be either a "head teacher" or a civil servant, today one finds under development new programs for the training of school leaders, formalizing their preparation through a sequence including university study, on-the-job training, and government licensure.

Though the elements of this mix have for some time been the norm for public schooling throughout the United States, the sequence differs sharply from the patterns by which administrators are prepared and chosen for the institutional units of other professions. In law offices, hospitals, and universities themselves, middle-level managers and unit leaders are either selected informally from within the ranks of the professions, according to demonstrated competence and peer judgments, or else individuals are specially trained as managers *outside* the professions of those whose work they will direct. The managing partner of a law firm is simply a lawyer; the dean of a college is a professor. A hospital administrator, on the

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other hand, is rarely a physician nowadays, and although the director of student activities on a university campus may possess a degree in higher education, he is not likely to be a trained scholar or practicing teacher. Nursing, social work, and public administration more closely resemble education insofar as line professionals seeking to scale the organizational hierarchy are apt to return to the university for additional formal training in administration. Yet the public school remains one of the few domains in which leadership positions are actually restricted to people who, years after entering the field as line professionals, go back to graduate school for further education in order to meet an additional set of state licensure requirements.

No doubt this sequence serves the interests of the graduate schools of education and in some ways those of the occupation. It probably yields a form of natural selection, reducing competition for available administrative jobs, simplifying the tasks of the license-givers (since the state does not make real competency judgments about individuals, any clerk can see whether one's paper credentials conform to the formal requirements), and sparing the profession the awkwardness and bother of peer evaluations. But does it make for better schools? Is there a valid relationship between what individuals do in universities in order to become licensed as educational administrators and the actual knowledge, skills, and competencies that they need in order to be effective unit managers and system leaders in the public schools? If not, sizable sums of time and money are being squandered, some by the individuals who endure this routine, more by the society that underwrites the bulk of their training. (Of the 3,663 master's degrees in educational administration awarded in the southeastern states in 1979-80, only 557 came from private universities. The rest were financed predominantly by the taxpayer.)

"Mickey Mouse" programs?

An overall assessment of the quality and utility of these programs is not easy to make. It is possible that one factor contributing to the strong educational showing of private schools is their freedom to hire whomever they like to direct them. But nowhere in the United States is there a significant population of public school principals and superintendents who did not follow the familiar pattern of graduate education and state certification. Because of the requirement that administrators be experienced teachers—a surprising number turn out to have been coaches—it is impossible to disentan-

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gle the effects of their formal training as administrators from the consequences of this severe limitation on the pool of potential candidates. Still, two kinds of evidence suggest that the training-and-certification sequence leaves something to be desired. Survey after survey of practicing school administrators reveals that most judge their university training to have been easy, boring, and only intermittently useful to them in their work. As with teacher education, one frequently hears such phrases as "Mickey Mouse" used to characterize large portions of what was encountered in graduate school. Second, as the public's concern about school quality has mounted, and as the centrality of the principal's role as instructional leader has won wider appreciation, a number of states, school systems, professional associations, even foreign countries have made elaborate arrangements to *retrain* previously certified administrators who are already on the job. These typically take the form of summer institutes or extended workshops at which school principals are carefully shown such fundamental techniques as how to evaluate teachers, how to interpret research findings, how to construct a coherent curriculum, and how to diagnose the institutional problems that yield low student achievement test scores. These programs are occasionally offered by universities, and university based experts are commonly engaged to teach in them, but most of them operate outside the framework of graduate training required for state certification, seemingly because such graduate training does not reliably furnish skills and knowledge of this kind.

Even the most cursory look at conventional graduate programs in educational administration uncovers the reason why these major lacunae exist in so many of them. The required courses in such programs—closely tracking those spelled out in state certification requirements—commonly emphasize building management rather than instructional leadership, paying far closer attention to such subjects as school law and school finance (sometimes even to such minutiae as "facilities and transportation" or "scheduling") than to understanding what makes good teaching, what constitutes an outstanding history textbook, or how to determine whether a youngster is learning up to the level of his ability.

The courses that future school administrators take in graduate school, as Berkeley education professor James Guthrie and two associates concluded after careful examination of programs approved by California's credentialing commission, "give great attention to human relations and public relations courses and skills." Though such techniques may be worth possessing, "the knowledge and skills

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needed to become an effective educational leader and school manager are generally not those provided" by the administrative credentialing programs on the 44 state campuses that offer them. Certainly these programs are remote from the kinds of study that might prepare one to assume "the intellectual and moral management of the schools," as Charles W. Eliot phrased these responsibilities many years ago.

Yet even as its content emphasizes operational tasks, the shape of the conventional graduate program hews close to the traditional model of the arts and science disciplines. To earn a master's degree in educational administration, a student takes a set of required courses and electives generally taught in conventional classrooms through a familiar blend of lecture and discussion. Rarely does such a degree program require any systematic internship or supervised work in schools.

The arts and science model continues through the doctoral program, in which the student takes additional courses and seminars and then embarks upon a written dissertation, sometimes after passing a comprehensive or qualifying examination. Some programs that lead to the Doctor of Education degree—ostensibly a "professional" rather than a "research" credential—allow students to substitute an administrative project for the dissertation. But those that yield a Ph.D. in educational administration virtually always follow the procedures for a conventional Ph.D., which is to say they are constructed as if their graduates were destined for roles as university scholars rather than as school administrators.

Absent standards

Whereas law, medicine, and college teaching have over the years evolved their own distinctive models of graduate education, tailored—more or less successfully—to the specialized knowledge and peculiar skills required for effective performance in their professional roles, school administration has done nothing of the sort. Few programs have emulated graduate schools of business administration, public administration or even hospital administration, many of which employ case methods, supervised internships, and field projects as well as conventional classroom teaching and research. With rare exceptions, a graduate program in educational administration resembles an arts and science program more closely than anything else and has very little about it that implies the nature of the tasks awaiting its alumni.

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The formal structure of the program would not matter so much if the courses initiated their students into a well-ordered body of important knowledge and imparted a set of analytic techniques that must precede mature independent work in the field, as is generally the case with the academic disciplines. Nor would structure matter hugely if the nominal checkpoints of the program—admission, satisfactory progress through it, and completion—were associated with rigorous standards of intellectual performance and individual growth. But because this profession has never reached internal agreement on any particular body of knowledge or set of skills that all its members should possess, because there is no universal competency test akin to the bar examination, and because most graduate programs in educational administration are easy to enter, hard to flunk out of, and not very difficult to complete so long as one has stamina, it is tough to justify the ersatz arts and science structure.

Like teacher education, most programs in school administration have what Dan Lortie terms "eased entry." If entrance requirements exist at all, they are not very competitive and most applicants are accepted, this in marked contrast to the situation facing prospective matriculants to most law and medical schools. In California, Guthrie found, fewer than one applicant in 30 is refused admission. A handful of institutions—the University of Wisconsin comes to mind—stipulate and enforce threshold standards of grades, Graduate Record Examination scores, and the like; others, however, only go through the motions of requiring transcripts and test results, sometimes quietly assuring applicants that these will not really count in the admission process.

Eased entry downgrades the status of the student in the eyes of the populace, diminishes the value of his eventual degree, and decreases the likelihood that the green recruit will deem himself among the specially chosen bearers of a rare and valued professional heritage. This would not be a serious problem if the graduate program later weeded out the less able or diligent students via tough courses with stringent requirements and substantial intellectual demands. Yet more than 80 percent of those admitted to the California programs eventually receive their administrator's certificate, and we know of no state in which the pattern is markedly different. This is not too surprising, inasmuch as programs in school administration seldom have exacting intellectual standards in their coursework; the courses themselves are often textbook-bound; they rarely have specific prerequisites and infrequently function as part of a continuum of knowledge and skills that become more sophisticated

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as one progresses. The part-time character of the programs dims the sense of group identity and the chance for strong professional socialization that would come from sustained interaction with exceptional peers and mentors, thereby accentuating the shallowness of the experience. Worse, eased entry and its corollaries deny these programs the ability to perform the central role of a professional school as David Riesman and Christopher Jencks depicted it in 1968: "not primarily to teach a narrowly defined set of skills of the kind measured by examinations, but to define a set of general criteria that recruits to the profession ought to meet and to screen out those who do not measure up."

Research degrees?

The culminating experience of the educational administration doctorate (and sometimes the master's degree) at most universities is the dissertation. Though it may take the future school superintendent years to complete, the result is often poor in quality and rarely contributes materially to the enlargement of human knowledge. Its ordinary destination is the library shelf and microfilm reel, where it lingers unread forever.

This throwback to a centuries-old model of doctoral-level education obliges the future principal or superintendent to dedicate a hefty portion of his professional training to the completion of a task that has little relevance to his future responsibilities. Though educational leaders should certainly be knowledgeable readers and frequent users of research findings in their work, few if any of them will ever *engage* in formal research.

The point of a doctoral dissertation, after all, is to compel the mature graduate student to think originally and independently about a significant research issue, advances in which will augment the aggregate knowledge of his chosen field, while honing his skills as a scholar and demonstrating his readiness to enter the academic guild. This makes sense when preparing for a life of scholarship. But in school administration, one is called upon primarily to be an effective leader of a complex organization that serves a distinctive clientele, not to build scholarly knowledge. Though most universities cling to the dissertation requirement for education doctorates, perhaps deeming it a more manageable form of quality control than anything so tricky as professional competency testing, we are not alone in thinking it ill-suited to the education of school leaders. In 1978, Teachers College president Lawrence A. Cremin urged an

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end to this "mimicking of the Ph.D. program in the traditional academic areas" and its replacement by "ample opportunity . . . for individual and collaborative scholarship and performance that can be subjected to systematic review and appraisal."

Partly because of the amount of time and energy given over to the emulation of traditional scholarship, the preparation of school administrators generally lacks something that might be immeasurably more valuable to the practitioner, namely a well-organized and closely-supervised clinical or apprenticeship experience. Getting a Ph.D. in history entails acting like an historian, just as completing a medical education requires much time spent in preceptorships, internships, residencies, and other understudy relationships with experienced doctors in clinical settings. Similarly, legal education is rarely complete without summers in law firms, year-long clerkships, or the multi-year apprenticeship that the neophyte associate serves at the elbow of a senior partner. Yet few educational administrators-in-training are encouraged, much less required, to undergo a rigorous supervised clinical experience of any sort.

That they may hold down full-time jobs in school systems is beside the point. During an authentic apprenticeship, the fledgling professional tests his developing skills under the careful scrutiny of a tested veteran from whom he receives regular feedback; he measures the fit between theory and practice; and he gauges the usefulness of the research-based knowledge he has been acquiring against the demands of the job itself. The apprentice tries his own hand in situations where he has the support of expert practitioners who are also available to give advice and to save the client from egregious blunders. Furthermore, such clinical experiences can solidify the collegial bonds between novice and master.

In education, however, many a new principal is "handed the keys" and given full responsibility for a building, even a cluster of buildings, without ever having engaged in the practice of school administration under the watchful eye and with the supporting hand of a seasoned professional. With luck, the bureaucratic structure of a school system will ensure that the new principal was once an assistant principal and that the superintendent previously held staff positions in the central office. But only by happenstance do those subordinate administrative roles include good supervision or an understudy relationship with an outstanding leader. Indeed, if one was the assistant principal in charge of discipline, or the assistant superintendent for facilities and equipment—common roles for assistants today—one might never have helped direct the central

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educational activities of the institution or observed much of the daily work of teachers. A tiny fraction of the nation's 15,000 local school systems consciously "grow their own" future leaders by placing promising candidates in intern-like settings and by supplying special training opportunities. The states, the professional organizations, and the universities tolerate this; they may even welcome it; but they also tolerate, if not welcome, the many school systems that make no effort whatsoever to ready their people for leadership roles.

Though there are many inadequacies in the sequence by which men and women are prepared and selected for management positions in American public schools, they are not necessarily all the fault of universities. Supervised internships, for example, would surely be a good thing in education as in law and medicine; but law schools generally abjure responsibility for such clinical experiences (save for hothouse versions like moot court) and leave these to the profession at large. In the preparation of doctors, on the other hand, one can scarcely discern where the medical school's responsibility stops and that of the hospital begins. The problem with school administration is that neither the university nor the profession nor —outside a handful of well-run school systems—the employer routinely shoulders these obligations.

University-based preparation programs ought therefore to be viewed in context. But they are the linchpin in the whole mechanism, the primary filter in the preparation and selection pipeline. That is why it is unconscionable that so few of these programs actually equip administrators for their later responsibilities; so few act as effective gatekeepers for the profession by screening candidates at the point of entry; so few reliably build occupational commitment, collegiality, or professional norms by setting high standards and enforcing them through rigorous scrutiny by peers and mentors. Too many have exit requirements that are slack and unrelated to the work of the profession. What is more, these are often inefficient requirements, the kind that squander much time and effort in burdensome activities bearing only a hazy relationship to the institutional and occupational demands that their graduates will face.

Training real leaders

What might a better program look like? Any thorough response must begin by specifying the knowledge and skills that all educational administrators should possess before assuming responsibility for the leadership of schools or school systems. This is the stuff of

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endless debate and some legitimate controversy; one cannot assume that the optimal preparation for the principalship of a remote primary school in North Dakota is identical to the training desirable for the Los Angeles superintendent. Still, most of what a good school administrator needs to know and be able to do is self-evident. It is neither arcane nor arguable. One commendable version was offered by the American Association of School Administrators (AASA) in 1982, spanning seven major areas of knowledge and skills: school climate and how to improve it, political theory and how to apply it, the curriculum and how to construct it, "instructional management systems" and how to run them, staff members and how to evaluate them, school resources and how to allocate them, educational research and how to utilize it. Under each of these headings, the AASA suggests, administrators need a mix of empirical and theoretical knowledge and they need a feel for how to put their knowledge and skills into operation within the school organization so as to increase its effectiveness.

To such a list, we might add the development of a well-defined educational philosophy or ideology (as well as understanding of rival philosophies) so that the school leader has solid values and clear beliefs by which to make the many decisions that cannot be handled with knowledge and expertise alone. The issue is not, however, whether this list or that list is superior. It is, rather, that today *no* set of competencies, experiences, and knowledge is commonly accepted as the core of any well-designed program of graduate study for future school administrators, such that imparting these becomes the key criterion for having one's training program approved and acquiring them becomes the main precondition for getting licensed to run a school or school system. Far from being embedded in the curriculum of the nation's hundreds of colleges of education and in the licensure requirements of the 50 states, even the bland suggestions of the AASA are objects of obloquy and apathy. It is ironic but true that on some university campuses, those purporting to prepare men and women to lead the nation's schools to higher achievement in the years ahead have no clear notions about what essential knowledge constitutes high achievement among their own students.

But infusing real quality into the preparation of school administrators will take more than consensus about what they ought to learn. A good program would have stringent entry requirements, high standards of performance during coursework and other training experiences, and opportunities for candid, precise feedback to students about their performance. (Another contemporary irony

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is that future administrators whose schools will be judged by test scores refined to several decimal places are often taught by professors who pride themselves on being "non-judgmental.") Coursework should naturally span the best current research and theory in the field, and faculty members should expect students to acquire—and to demonstrate that they now possess—both the requisite knowledge and the skills by which that knowledge can be analyzed, synthesized and applied. There should be a well-designed apprenticeship in which the fledgling administrator works closely with proven school leaders in actual administrative tasks and receives timely and critical assessments of his performance. Finally, those who will become line administrators have little need of a dissertation; instead, they should carry out a major project that draws upon their store of knowledge and skills, that relates theory to practice, that obliges them to use research findings in the execution of a series of leadership tasks which challenge their abilities to reason, analyze, synthesize, and later appraise their own performance, and that constrains them to write clearly and cogently about the experience.

Such projects could vary a great deal. The prospective high school principal might devote the better part of a year to leading a team of teachers who are reworking the humanities curriculum, to overhauling the guidance and counseling system within the school, or to planning and running a model summer program for the most talented eleventh-grade chemistry students in that part of the state. The aspiring elementary school principal could organize and carry out a series of intensive workshops for language arts teachers, develop and lead a mini-school for slow learners, or devise a comprehensive system for monitoring individual pupil achievement vis-a-vis the school's curricular objectives. The future superintendent of schools will ordinarily take on a larger project; he may develop a new magnet school or, if population trends are running the other way, plan and effect the consolidation of two schools into one. He could organize and run a statewide principals' academy designed to train present administrators in central leadership skills and organizational knowledge. He might take charge of the first year of his school system's new master teacher program and seek to overcome attitudinal and bureaucratic hurdles in the path to its success. Whatever the content of the major project, it should represent a significant piece of work on a real leadership problem, the solution to which entails analysis of research findings, aggregation of pertinent knowledge, the application of suitable theories, actual performance in a sustained administrative role, and the retrospective written analysis of

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how effective his performance was and why. Though such a project calls for the exercise of considerable autonomous authority, the advanced graduate student will also need ready access both to the counsel of expert administrators within the school system and to university faculty who can make sure that his knowledge is sound, his theories suitable, and his final analysis rigorous.

Who regulates administrators?

School administration is a profession in considerable need of quality control, and the universities that train its members ought to supply more of that. But quality control across an entire profession goes well beyond standards for graduate programs. It is concerned with all aspects of occupational recruitment, formal and informal training, licensure or certification, selection for employment, on-the-job supervision and evaluation, the development of clear performance criteria and mutually-enforced norms of professional ethics, regular means of recognizing superior performance, and orderly procedures for dealing with incompetents.

Responsibility for such quality control as there is in educational administration today is divided among four separate and sometimes fractious bodies: the university, which bestows credits and degrees; the state, which confers certification; the employer (usually a local school system), which hires, pays, and promotes the individual principal or superintendent; and the organizations and associations of the profession as a whole, a profession that today has few norms for its membership but that could wield considerable influence over the standards and expectations of the other three bodies.

In such fields as law and medicine, the profession is the dominant force: The graduate schools, the states, and in most instances the individual employers honor its norms and codes, accept its definition of what must be learned and how this should be demonstrated, and frequently regard its leaders and spokesmen as their own. In education, however, we find *segmented* responsibility for quality control; no single actor has the lead role and the profession is probably the weakest and most amorphous of the four.

The formal structures are present, to be sure. There are licensure requirements, ostensibly based on demonstrated prior achievement, and they are even-handedly (that is, bureaucratically rather than politically) applied. Colleges of education must ordinarily have their training programs approved by the state and, in many instances, accredited by a national professional body. Employers may hire

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only duly-licensed individuals, and these men and women ordinarily join professional associations that publish journals, hold conferences, supply "in-service" training, and keep their members informed about pertinent developments. Oftentimes, there are close relationships among key figures in the associations, the dominant professors in the university training programs, the state officials who set licensure requirements, and the more influential school administrators around the country.

All these structures are in place, and they may well yield a bare minimum of quality control, enough to keep the system credible and to preserve sufficient public confidence and professional reassurance to enable organizational operations to continue, even in the face of widespread disenchantment with the actual performance of the schools.

In reality, however, the quality control is minimal indeed, and no one is clearly responsible for elevating it. In the argot of social science, there is a lot of "satisficing" where there ought to be "optimizing." None of the major actors makes waves; none springs surprises; none imposes heavy demands on the others. Real quality control of the kind that would yield smarter, wiser, and more effective school leaders on a consistent basis is simply not in place.

It may be thought that the standards of this profession today are as slack as the rewards are meager and that present entry norms are where they need to be if the supply of available school administrators is going to equal the demand. Yet the compensation level is far from pitiful. School superintendent salaries averaged $52,483 in 1984. (The recently-fired Chicago superintendent earned $120,000 a year.) Principals earn less, averaging $34,000 to $40,000, depending on size and level of school, but their pay is sufficiently greater than that of teachers to induce a steady flow of educators into graduate programs that provide administrators' certificates. In California, where rapid population growth is producing a genuine shortage of qualified teachers, the administrator training programs are turning out credentialed graduates in such large numbers that the state could replace all its school managers every five years. "Clearly," Guthrie concludes, "supply far exceeds demand."

Thus conditions are right for a marked elevation of the standards for entry into the ranks of school administrators and for retention and promotion within those ranks. What can the university do to help catalyze that process? It can start by delimiting its domain of responsibility and then imposing rigorous standards within that domain—standards that must naturally apply to its faculty as well

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as its students, to its own curricular and pedagogical practices as well as to what it expects of persons who endure them.

The university's stock in trade is knowledge. As James March puts it, "The advantage of university training in the training of administrators is primarily in the intellectual domain. It is in providing the research basis for intelligence and in teaching the intellectual skills of management." These skills involve thinking, reasoning, analyzing, and evaluating, all of which can be imparted through a well-planned sequence of courses, internships, and independent study. The content will vary somewhat from one campus to the next but would certainly include more of the elements recommended by Guthrie and his Berkeley colleagues: "theories of teaching, curriculum strategies, program evaluation, cost effectiveness analysis, management information systems, quantitative decision making techniques, computer use, and planning techniques," courses of study commonly found in good business management programs.

Yet no graduate school can supply all the learning and skills needed by expert educational leaders, for some of these come only with practice and some are better acquired in other settings.

The universities can choose to concentrate all their energies on intellectual and cognitive matters, or they can begin with that base and join with school systems and experienced professionals in constructing internships, mid-career refresher programs, and other more practical educational components atop that base. But without a solid base in theory, in research, in knowledge, and in the application of analytic thinking to concrete management problems, the university has little to offer the prospective school administrator.

This means that universities must also look to the composition and caliber of their own faculties. The study of educational administration has never been a field that attracted large numbers of the nation's ablest scholars. Nonetheless, it is a legitimate field of inquiry, it does possess a body of knowledge, and today it is practically begging for more and better research utilizing the methods of numerous specialties. Like so many "applied" fields, educational administration is not a unique discipline so much as an area of inquiry organized around a set of problems, issues, and institutions and drawing on the insights and techniques of many disciplines. Yet many a professor of educational administration is not an active scholar in any field or discipline; many are ex-practitioners who earned doctorates along the way but spend little time on research, are not especially comfortable with theory, and are better known for their fund of war stories than for their ability to develop cognitive skills in stu-

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dents or to impart research-based knowledge about the instructional and organizational features of the school and school system. Departments and programs in educational administration commonly suffer from the low campus status associated with colleges of education in general; but their difficulty in recruiting first-rate scholars is compounded by their ambivalence about whether their primary tasks are intellectual or clinical. By clearly defining the role of the university as a supplier of formal knowledge, some of this uncertainty should dissipate.

Suggesting that the university's proper role is intellectual rather than clinical does not mean that its faculty should operate entirely in the domain of theory. The underlying paradox, as Nathan Glazer noted in 1974, is that while schools of education (like other schools of what he termed the "minor professions") habitually mix practitioners with discipline-based scholars in faculties whose task is to train future practitioners, the usual way such faculties elevate their status and reputation is by distancing themselves from the life and work of the practitioner. What American graduate schools of education most urgently lack, Oxford's Harry Judge concluded after visiting ten of them a few years ago, are "scholars with a commitment to improving practice based on research."

If standards for school administrators are not sharply raised, and if the training-and-certification sequence is not rapidly overhauled in accord with these higher standards, we will miss a rare opportunity to transform a large fraction of the nation's school leadership for many years to come. The combination of school enrollments that are again rising, a high rate of retirements during the next few years among veteran principals and other administrators, keen popular interest in the quality of elementary and secondary schooling, and the unprecedented amount of attention being given to education by governors, legislators, business leaders, and other influential laymen, leads to an authentic chance to make bold changes.

Should administrators have been teachers?

Besides the alterations in university training programs that we have sketched, other reforms warrant consideration. Though there is every reason to demand that a school leader know good and bad teaching when he sees it, we know no good reason to require principals and superintendents themselves to have taught school for years. Alongside career ladders for teachers should probably be erected new occupational structures for school leaders, some starting young

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in the schools, others entering laterally after successful careers as managers or leaders in other fields.

If the teaching requirement were erased, the pool of potential school administrators would instantly swell by millions of people, and at least some of these would be men and women of great leadership potential and solid track records, individuals who have already run substantial units and systems within the private sector, the military, perhaps higher education itself.

Would the teachers in a school allow themselves to be led by one who had not come up through the ranks? We think so, provided two conditions are met. The teachers must themselves have access to "career ladders" on which they can climb to positions of greater status, responsibility, and pay without moving into administration; and the administrators must of course become knowledgeable about pedagogy and insightful about classroom practice so that they can provide substantial assistance to teachers in their schools. This will undoubtedly require some first-hand knowledge and practical experience, but a flexible and motivated leader can pick these up in a few months of intense experience, direct observation, and the study of videotaped examples. Though this approach may not yield an emotional "feel" for the rhythms of the school year, it is also true that having taught for a long time, even having been a superb teacher, does not necessarily equip one for leadership, nor for appraising and counseling less experienced teachers. Learning about teaching *by* teaching can be a very parochial experience, and it is a far cry from supervising other teachers. Outstanding surgeons do not necessarily turn into skillful medical directors, nor do superb scholars always make good deans.

The primary responsibility for changing professional entry norms rests with the states, which need radically to revise their requirements for licensure and certification, replacing classroom experience and paper credentials with clear proof of actual knowledge and skill and—for senior or advanced certificates—demonstrated prowess in leadership positions.

Employers of school administrators, in turn, should insist on much more than possession of a state license. Just as admission to the bar does not instantly make one a good bet for a client needing an attorney with wide-ranging experience in libel law, winning state certification as a school administrator is just one step along the path to major responsibilities for building and system-wide leadership. Yet today only a handful of school systems engage in sophisticated searches for the ablest and best-qualified principals and

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superintendents to be found. Fewer still have clear criteria and procedures by which to cope with once-satisfactory administrators who lose the spark, fall into bad habits, or otherwise falter.

The professional associations, too, should cease thinking of themselves primarily as membership organizations and should develop norms, standards, ethical codes, and substantive prescriptions by which universities, states, and local employers can appraise their own practices. There have been flickers of such responsible behavior among several of the better groups, including the AASA curricular recommendations and the skill assessment centers run by the National Association of Secondary School Principals. For the most part, however, these organizations have more of the outward trappings of professional associations—conventions, member services, publications—than the norm-setting infrastructure by which a true profession governs itself.

It may well be that piecemeal reform is simply inadequate to the task of overhauling the training, licensure, and professional standards of school administrators. It may also be that the profession lacks the fortitude or the perspective for a thoroughgoing, self-induced overhaul. Perhaps governors, business leaders, and blue ribbon commissions will need to bring school administration under the kind of intense scrutiny that they have applied to school teaching. Maybe one state needs to burst from the pack with a radically different model of training, licensure, selection, evaluation, and recruitment into this field. Perhaps the universities need a modern day Flexner to map their route through a systematic—and system-wide—reformulation of the precepts and practices of administrator training.

Certainly the stakes are high. The educational status quo, though comfortable, is unsatisfactory. An immense amount of leverage can be exerted on the schools through their principals and superintendents. Give me a place to stand, Archimedes said, and I will move the earth. American public schools are nearly as inertial as the planet itself, but their administrators make a serviceable fulcrum and the universities that train them supply a promising if today somewhat shaky place on which to stand.

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The visions of the Democratic Party

SAMUEL P. HUNTINGTON

THE DEMOCRATIC PARTY lacks a vision. Few propositions about politics in 1984 command more consent than this. Is it, however, meaningful, relevant, or even accurate? Do major political parties have visions? When have they in the past? It can be plausibly argued that as collective entities major political parties generally do not have visions; they have platforms, issues, themes perhaps, which are quite different things from visions. Small, extremist, ideological parties, on the other hand, usually do have visions, often quite elaborate and precisely articulated ones. The absence of party vision may well be a sign of strength and vigor rather than the reverse. Individual political leaders, on the other hand, can and do have visions. At times such visions have been articulated with compelling urgency: John F. Kennedy's vision of a country "moving again"; Ronald Reagan's of a country "standing tall"; and, most notably and effectively, Martin Luther King's dream of a country where race did not count and everyone was "free at last." These visions helped to promote more active and interventionist foreign policies, more robust national defenses, and federal action against racial discrimination and segregation.

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* This paper was presented at the AEI Institute, Public Policy Week, Dec. 1984.

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In 1984 no Democratic leader articulated an image of comparable clarity and power. Neither, however, did Ronald Reagan, who throughout the campaign was strikingly mute as to just exactly where he would go in his second administration. In the midst of the campaign, George Will urged his candidate to become "the presenter of a vision," but Reagan never did. And the voters accepted that. According to the *New York Times*, 37 percent of Mondale's supporters said they voted for him because of his "vision for the future," but only 23 percent of Reagan's voters gave that as their main reason for backing him. The "vision gap," however meaningful or meaningless that might be, appears to have favored the Democrats.

In fact during the prolonged campaign individual Democratic leaders articulated many different visions of the future of the world, their country, and their party. That none of them struck fire with large segments of the public reflects perhaps not so much their failure as vision makers but rather the fact that the public was not in a mood for visions. Visions appeal by offering an attractive, ideal future in contrast to an unattractive present. A vision is defined by the reality to which it is opposed. The visions of Kennedy, Reagan in 1980, and King derived their appeal from the stagnation, weakness, and discrimination that were perceived to exist when they were articulated. Peace, prosperity, and a nice, friendly President running for reelection do not, in contrast, constitute an environment conducive to the generation of powerful political visions.

The problem for the Democratic Party is thus not the failure of its leaders to offer a compelling and captivating vision in 1984. The question is whether a Democratic leader will be able to offer such a vision in the future. Much, of course, will depend upon the party's external environment; whether the country is at peace or at war, whether the economy is characterized by prosperity, inflation, or recession, and the identity and appeal of the Republican candidate in 1988. Even more important in influencing the vision of the Democratic Party candidate, however, will be the character and makeup of the party itself.

Three strata of the Democratic Party

An American political party resembles a massive geological formation composed of different strata, each representing a constituency or group added to the party in one political era and then subordinated to new strata produced in subsequent political eras. The identification of some groups with the contemporary Democratic

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Party goes back over a hundred years. For purposes of analysis, however, the party can be thought of as being composed of three major political strata.

The oldest and most complicated stratum is the New Deal coalition of groups dating from the 1930s. Its key components were southern whites, northern urban machines, a rapidly expanding labor movement, and the large numbers of recent immigrants and their children who became politically mobilized in the late 1920s and 1930s. This coalition was the heart of the Democratic Party from the early 1930s to the mid-1960s. Over time its elements began to defect and to attenuate, but for 30 years it was the majority coalition in the country.

In 1968, however, two things happened. First, the New Deal coalition lost its majority status in national elections. This was a result of many developments including the declining effectiveness and clout of the urban machines, the impact of upward mobility on the political allegiances of the children and grandchildren of immigrants, the leveling-off in numbers and decrease in political effectiveness of organized labor, and, most significantly, the declining support for Democratic presidential tickets among white southerners. Second, the control of the Democratic Party by the New Deal coalition was challenged by the rise of new groups that had become politically mobilized during the 1960s. The key issues for these groups were, of course, not the Great Depression and the Cold War but civil rights and Vietnam. This New Politics stratum eventually included blacks, youth, women, liberal intellectuals, Hispanics, and others. The dramatic battles of the 1968 Chicago convention highlighted its emergence on the political scene. The defeat of Humphrey and the subsequent revision of the party rules gave these groups the opportunity to expand their influence within the party.

By the late 1970s the New Politics stratum had displaced the New Deal stratum as the dominant force in the Democratic Party. For a variety of reasons, however, the groups in this stratum were not able to determine the selection of the Democratic candidate in 1976. Their support was divided among several candidates, and Jimmy Carter augmented his southern base with sufficient appeal to other New Deal groups and to some New Politics groups, most notably blacks, so as to be able to win the nomination. During his Presidency, however, Carter did not wield this cross-strata support into a lasting political coalition. His defeat in 1980, in turn, created a vacuum in the central leadership of the Democratic Party. Democratic congressional leaders Tip O'Neill and Robert Byrd were ves-

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tiges of the New Deal coalition and incapable of filling that gap. The New Politics groups moved into the vacuum.

In the 1984 presidential nomination struggle, Glenn, Hollings, and Askew competed with each other for support from the more moderate, conservative, and southern elements of the New Deal coalition. McGovern and Cranston competed for the more liberal, radical, and middle-class elements of the New Politics stratum. Mondale appealed to union members, women, older voters, less well-off whites, and blacks. Without black support he would not have won a plurality of primary votes. Jackson, however, of course attracted the overwhelming majority of black voters. Gary Hart, in contrast, appealed to a new emerging stratum in the Democratic Party, those voters of the baby-boom generation who were younger, wealthier, and more likely to identify themselves as independents. The arrival of this generation on the Democratic Party scene was as dramatic, in many respects, as the arrival of the New Politics generation in 1968: Hart won 35.6 percent of the Democratic primary vote, only 2.6 percent behind Mondale, despite his failure to win pluralities among such traditional Democratic groups as union households, blacks, those with incomes under $25,000 a year, and even those who identified themselves as Democrats.[1]

At present in the Democratic Party the New Deal stratum is fading, a new, liberal, affluent stratum is emerging, and the New Politics stratum is in the ascendancy. The future political success and visions of the Democrats depend on the impact of that ascendancy on party structure, strategy, and support.

The ascendancy of the New Politics

The ascendancy of the New Politics coalition has been accompanied by a weakening of the central political leadership of the Democratic Party and increasing resort to the theory and practice of categorical representation. The years of the New Deal coalition were marked by the dominance of successive active and powerful national leaders: FDR, Truman, Kennedy, Johnson. Even when the party did not control the presidency, forceful central leadership existed in Congress in the form of Rayburn and Johnson. The failure of the party to control the presidency for 12 of the past 16 years, the diffusion of power within Congress, the inability of the congressional leaders that have existed to perform as national leaders, and the absence of any institutional focus of leadership outside the formal

[1] Adam Clymer, "The 1984 National Primary," *Public Opinion*, Vol. 7 (August-September 1984), p. 53.

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party structure, have all gravely weakened the central leadership of the party.

Complementing this development has been the emergence of categorical representation: that is, the proposition that the interests of particular groups can be properly represented only by individuals who are themselves members of those groups, blacks by blacks, women by women, union members by union members. Since such people are unavoidably identified as the spokesmen for their groups, they are also virtually barred from understanding and representing the interests of other groups and from attempting to reconcile and integrate differing group interests into a broader perspective. The rationale behind categorical representation is similar to that behind corporatism, syndicalism, or proportional representation, all of which stress the explicit representation of defined groups in socio-political processes. This intellectual tradition runs counter to that of Locke, Burke, Madison, and Mill, all of whom emphasized the role of the representative in melding, tempering, amalgamating, integrating conflicting interests. Carried to an extreme, categorical representation becomes, in a sense, anti-political since it denies the role of the political leader to extract, refine, and create the *res publica* that people have in common. It would view with suspicion the performance of a Hubert Humphrey simultaneously appealing to and winning fervent support from blacks, union members, Jews, farmers, and liberal intellectuals, although not himself a member of any of these categories. A categorical representative, in contrast, has no incentive to develop a broader vision; indeed, he may have positive disincentives not to do so.

The advent of the New Politics coalition brought about the rise of categorical representation in the Democratic Party. Requirements stipulated that half the members of party bodies be women and that various minority groups be allocated appropriate representation on those bodies. Two events of 1984, however, dramatize the impact of categorical representation on political leadership. In the course of the politicking that preceded the convention, it was agreed to establish a "Fairness Commission" which would review and revise party rules concerning the selection of delegates (itself a representational issue). This commission, according to the resolution adopted by the rules committee, would "consist of at least 50 members equally divided between men and women, and shall include fair and equitable participation of Blacks, Hispanics, native Americans, Asian/Pacifics, women, and persons of all sexual preference consistent with their proportional representation in the party." As-

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suming that the party rules should be revised to insure fairness and that a commission is needed, constituting the commission in this manner illustrates the extent to which the traditional aggregating functions of a political party have been replaced by the function of providing representation to categoric groups. One might have thought, for instance, that the proper role of the political party was to transcend or, failing that, to blur or, failing that, at least to obfuscate the lines between groups, not to institutionalize them. One might have thought that to insure fairness the party might turn to a small committee of elder statesmen (former presidential candidates and national chairmen, perhaps) who would listen to the differing viewpoints and attempt, in their wisdom and experience, to produce a set of rules which would be fair not only to the legitimate concerns of particular groups but also to the overall traditions and principles of the party. According to the New Politics view, however, fairness is to be the product not of political leaders acting in the interests of the party as a whole but of categorical representatives acting in the interests of their groups.

A second manifestation of categorical representation at work was, of course, the selection of the vice-presidential candidate. In 1976, Jimmy Carter seriously considered six senators and one representative for the vice-presidency: Frank Church, John Glenn, Henry Jackson, Walter Mondale, Edmund Muskie, Peter Rodino, and Adlai Stevenson. Five of these had been or would be serious candidates for the Presidency of the United States. All had established national reputations, were clearly in the vice-presidential ballpark, and would have added geographical and, in some cases, ideological balance to the ticket. Contrast this list with the seven whom Walter Mondale interviewed for the vice-presidency eight years later: three women (one mayor, one newly elected governor, one representative); two blacks (both mayors), one Hispanic (a mayor), and one white male (a United States senator). Only the latter had been previously discussed as a potential President and only he and one other (also not chosen) would have added ideological and geographical balance to the ticket. In 1984 categorical imperatives clearly displaced political imperatives. Geraldine Ferraro was chosen not because she was, next to Mondale, the Democrat best qualified to be President, nor because she broadened the political appeal of the ticket, but because she was a woman. Picked as she was on the basis of categorical representation, it is not surprising that members of other categories, especially blacks and black women, complained about being left out.

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Categorical representation thus tends to encourage divisiveness and fragmentation. It assumes that members of particular groups want to be represented by other members of the same groups. It makes it difficult for political leaders to rise above group interests, and tends to make the party even less of an entity than it has been and even more of an arena simply for the representation of group interests. It reinforces the image of the Democratic Party as the captive of "special interests." The "special interests" of the New Politics coalition are no more voracious than other special interests in the past, but categorical representation and weak central leadership make them more obvious and more powerful. FDR could jovially say, "Clear it with Sidney!" secure in the knowledge that everyone concerned—including, most especially, Sidney—knew who was boss. For a Democratic leader today to say, "Clear it with Lane!" would be taken as damning confirmation of his subordination to one category of special interests.

"Reaching down"

A political party can follow one or some combination of two political strategies in an election. It can attempt to reach out, to broaden its appeal, and to win by appealing to independent voters and those identified with the other party. Or it can attempt to reach down, to intensify its appeal to groups normally identified with it, and to win by mobilizing a larger proportion of its adherents to the polls than its opponent does. In most cases, obviously, political parties attempt to follow some mixture of these strategies. The 1984 Democratic presidential campaign, however, stands out in recent political history by the extent to which it was dominated almost exclusively by a downward reaching strategy. This strategy was pushed by the leaders of the New Politics groups whose supporters it would attempt to mobilize. It was also explicitly embraced by the candidate and his associates. "The key to victory, Mondale's advisers believe," as *Time* reported at the time of the Democratic convention, "lies largely in energizing the party's traditional base: the poor, the elderly, union members, minorities." In similar terms, a writer for the *New Republic* reported that "Throughout the primary, Mondale's high command asserted that independents and moderate Republicans were peripheral to victory in November."

The downward reaching strategy was directed primarily towards labor, blacks, Hispanics, and the poor. The party invested huge sums to promote black and Hispanic registration and to mobilize

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new millions of Democratic voters. The nomination of Ferraro was supposed to produce a surge of women to the Democratic cause. The close affiliation of organized labor with the party and the AFL-CIO's early endorsement of Mondale were supposed to produce comparable mobilization of workers. All these efforts were designed to develop further support among groups already assumed to be heavily pro-Democratic.

Downward-reaching or deepening strategies may work in some circumstances. When directed towards groups with low voting participation, however, they fly in the face of one of the basic facts of American politics: Voting participation in the United States is far more class-biased than it is in most other democracies. As we all know, 50-60 percent voter turnouts in the U.S. contrast with the 75-90 percent turnouts regularly achieved in other countries. The well-educated and well-off in the U.S., however, vote quite as much as their foreign counterparts. The poor and poorly educated do not. The reasons for this are complicated and deeply rooted in American history, society, and culture. This pattern is not likely to be significantly changed by the investment of a few million dollars in drives to register the poor and the blacks.

The reaching down strategy failed in two ways in 1984. First, it did not mobilize as many new Democratic voters as its proponents had hoped it would. Second, and more important, intense appeals to particular, highly identifiable groups in politics often produce counter-mobilization by other groups. In 1984 the Republicans made major efforts to increase their registration and voting participation. To the extent that this effort was preordained, any Democratic effort, however costly, would have been helpful. To the extent, however, that the Republican effort was a response to the highly publicized Democratic campaign, the latter was almost guaranteed to come in second because of the greater difficulty in mobilizing lower-status potential Democratic voters compared to higher-status potential Republican voters. In addition, Democratic targeting of some groups increased the propensity of other groups who perceived themselves to have conflicting interests to respond favorably to the Republican efforts.

As a result, the Republicans clearly won the competition in mobilization. Registration in heavily Republican precincts increased by 12 percent over 1980; that in heavily Democratic precincts increased by 9 percent. Republican registration increased significantly in 10 states, Democratic registration in four. Historically the number of registered Democrats has exceeded registered Republicans by

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roughly 40 percent to 25 percent. Thirty-nine percent of those who first registered in 1984, however, registered as Republicans, 34 percent as Democrats. These new registrants, the *New York Times* reported, also voted for Reagan (60 percent to 39 percent) as heavily as the nation as a whole and, perhaps more significantly, also cast a majority of their votes (51 percent to 40 percent) for Republican House candidates.

The failure of the downward reaching strategy was most notable in the South. The Democrats had hoped that registration of new black voters would enable them to win back several southern states Reagan had carried by extraordinarily close margins in 1980. The Republicans, however, effectively countered the Democratic efforts. According to the *Boston Globe*, as of September 1, 1984, black registration in ten southern states had increased by 697,000, while white registration had increased by 886,000. The Democratic appeal to the blacks also sensitized whites to the Republican appeal and caused southern Democratic defection to a Republican presidential ticket to reach new heights. In a marked polarization of the vote, 90 percent of southern blacks voted for Mondale and 75-80 percent of the whites for Reagan. As a result, Reagan carried every southern state by a margin of at least 15 percent, including those states which he had won by a whisker in 1980.

Since the 1980 election it had been clear that women were more likely than men to vote Democratic. The deepening strategy led to an effort to capitalize on the gender gap, particularly through the nomination of Ferraro. As it turned out, however, Mondale polled roughly the same percentage Carter had among men (37 percent as against 36 percent) and did slightly worse among women (42 percent as against 45 percent). Ronald Reagan increased his proportion of the female vote from 47 percent to 57 percent, while his vote among men increased by only 6 percent.[2] Again, the deepening strategy had been found wanting.

As with the resources invested in voter registration, one must also consider the opportunities foregone by pursuing this strategy with respect to gender. A "reaching out" as distinguished from a "deepening" strategy would have dictated the selection of a vice-presidential candidate with some appeal to groups which were drifting toward Reagan. Presidential candidates confronted by tough races in the past have typically used the vice-presidential

[2] *New York Times*, November 11, 1984, p. 30. Other polls produce slightly but not significantly different results. For a review, see Bella Abzug and Mim Kelber, *New York Times*, November 23, 1984, p. A35.

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nomination as a means of appealing to actual or potential defectors and of broadening their geographical appeal. John Kennedy of Massachusetts enlisted Lyndon Johnson of Texas; Jimmy Carter of Georgia enlisted Walter Mondale of Minnesota; Ronald Reagan of California enlisted George Bush of Texas, Connecticut, and Maine. In all of these cases, some measure of geographical and ideological balance was sought and achieved. In two cases, the presidential nominee invited one of his rivals for that nomination to join him on the ticket. In all three cases, the strategy worked. For Mondale a reaching out strategy would have meant selecting as the vice-presidential nominee either Gary Hart, who did, after all, get over one third of the Democratic primary vote, or an attractive southern senator or governor, of which there was no shortage. A different vice-presidential nominee would not, in all likelihood, have altered the final outcome, but it probably would have altered the percentages in popular and electoral vote. (It is also worth noting that if one considers one Missourian plus one Kentuckian the equal of one southerner, no Democratic ticket since World War II has been successful unless one southerner was on it. If Hubert Humphrey had selected a southerner for his vice presidential nominee, he might well have won the additional electoral votes needed to put him over the top.)

Minority coalitions

From the 1930s to the 1960s the New Deal coalition commanded the support of a majority of voters. Since its advent in the late 1960s the New Politics coalition has been unable to do that. Blacks and Hispanics are about 15 percent of the electorate. The poor comprise a heavily overlapping 15-20 percent. Blue collar workers and union members are declining proportions of the work force. Women, of course, make up a majority of the voters, but their votes are overwhelmingly shaped by factors other than gender. When the New Politics coalition first emerged on the political scene, Ben Wattenberg and Richard Scammon commented that the vast majority of Americans were unyoung, unpoor, and unblack. One can add that they are also un-union. Categorical representation and the downward reaching strategy reinforce the minority position of this coalition by alienating white southerners, baby-boom yuppies, and middle-income workers. Even with the addition of organized labor, the New Politics coalition remains a minority coalition of minorities, and since 1968, Democratic presidential candidates, except in 1976, have polled roughly 40 percent of the vote.

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The minority position of the New Politics coalition in terms of voting blocs is reinforced by the failure of its overall political ideology and outlook to command widespread support. Within the Democratic Party, the delegates to national conventions since the 1960s have been consistently (and considerably) more liberal in their views than Democratic voters. The contrast between the dominant groups in the party and the electorate as a whole is even greater. The ability of the New Politics groups to dominate the party ideologically is reinforced by the strategic position their stratum occupies between the declining elements of the New Deal coalition, on the one hand, and the emerging new affluents on the other. In this respect, one can think of three major policy areas, foreign policy, economic policy, and social policy, in each of which there is a continuum of views from more liberal to more conservative positions. A greatly oversimplified rendering of each stratum's outlook on these policy areas is depicted in the chart.

Outlook of Democratic Party Strata by Policy Area

	Policy Areas		
Party Stratum	*Foreign*	*Economic*	*Social*
New Deal	Conservative	Liberal	Conservative
New Politics	Liberal	Liberal	Liberal
New Affluents	Liberal	Conservative	Liberal

First, the New Deal and new affluent strata have a mixture of liberal and conservative outlooks on policy, while the New Politics outlook is consistently liberal.

Second, the policy outlooks of the emerging affluent groups are generally the opposite of those of the declining New Deal groups.

Third, the ability of the New Politics groups to dominate the party ideologically with their more extreme and consistent liberal viewpoint is enhanced by their ability to construct alliances within each policy area for the positions they favor. Thus, they can align themselves with the new affluents against stronger defenses, overseas interventions, and priority to containing Soviet Communism. They can ally with labor and related groups from the New Deal stratum in favor of social welfare programs, business regulation, higher taxes on corporations and the wealthy, and some forms of industrial policy. They can once again line up with the new affluents on civil rights, environmental, church/state, and abortion issues. The result is to give the Democratic Party what is perceived

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to be a thoroughly liberal policy stance, unrepresentative of the views of its voters and the electorate generally. The ideological position of the New Politics coalition, in short, reflects its ability to control the Democratic Party at the same time that it insures the inability of that party to control the country.

The minority position of the Democratic Party in presidential elections contrasts, of course, with its continuing vitality in congressional and state elections. Several factors are responsible for this discrepancy. First, for a variety of reasons, incumbency has become an increasingly valuable political resource, particularly in legislative elections. The Democratic majority in the House of Representatives was established during the New Deal years and it continues in part as a legacy from those years. Legislative incumbency is also self-reinforcing because state legislatures draw the boundaries for their own and congressional districts. Second, although unable to forge a national majority, the various groups of the New Deal and New Politics coalitions are able to dominate the politics of many congressional districts and several states. Third, Democratic candidates for senator and governor have been able to construct in their states majority coalitions that differ from the national New Politics coalition. In Massachusetts, for instance, a state in which all three Democratic strata are well represented, Michael Dukakis learned from bitter experience in 1978 that reliance on New Politics groups could not even win him renomination within his own party. Four years later he positioned himself very differently, developed a much more moderate image, appealed to a broader range of Democrats and independents, and won both the primary and general election. Democratic candidates in other states have put together comparably diversified coalitions.

Visions of the future

The political future of the Democratic Party depends, first and foremost, on whether the New Politics coalition continues to dominate the party. If it does, the party will remain a minority and its vision will remain that of a minority party. If, however, the ascendancy of the New Politics coalition is broken, the possibility exists that the Democratic Party could again become a majority party and its leader could articulate a vision to which the bulk of the electorate would respond.

The results of the 1984 election will not dislodge the New Politics groups from their dominant position in the Democratic Party. Indeed, those groups have already begun to use those results to jus-

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tify their continued control. The groups that supported the party, they argue, should continue to play the key role within the party. "Black voters are more loyal and disciplined than any other interest group in the Democratic Party," Jesse Jackson said. "A new relationship is going to have to take into account new people." Roger Wilkins attacked those who urged "framing an appeal that will win back a white majority in 1988." "When they are considering moving toward the center, it's an insult to black people," said Geraldine Thompson, executive director of the southern Voter Education Project. In a similar vein, two leaders of the women's movement argued that "In the current fault-finding among Democrats, it would be disastrous to think that the party should abandon its base among women, minorities, and working people. The gender gap issues of peace and economic justice retain a strong potential for attracting new voters, and Mr. Mondale's courageous choice of Geraldine Ferraro has changed the face of American politics permanently." Top labor leaders argue that their early support of Mondale and close involvement with the Democratic Party led to a majority of union members voting for the Democratic ticket and hence these tactics should be repeated in the future.

These and other statements strongly suggest that the leaders of labor and New Politics groups will not abandon their commitments to the categorical representation of their groups and to downward-reaching political strategies. They will maintain their power in the party at the expense of the power of their party in government. "The defeat will mean nothing to them," Robert Strauss bluntly asserted. "The hunger of these groups will be even greater. Women, blacks, teachers, Hispanics. They have more power, more money than ever before. Do you think these groups are going to turn the party loose? Do you think labor is going to turn the party loose? Jesse Jackson? The others? Forget it."[3] If Strauss is right, for the foreseeable future the Democratic Party will then remain a minority party with the vision of a minority party. To some Democrats this may well be a preferred role. It has, indeed, been suggested that rather than compromising current principles and commitments in order to win future majorities, the Democrats should instead concede to the Republicans the role of the "party of government" and conceive of themselves as a "party of access." In this role the party would be "open to minorities and to all sorts of ethnic, economic, social and cultural interests"; it would be the place where "the

[3] Robert Strauss, *Time* (November 19, 1984) p. 65.

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voiceless find a voice" and where their "legitimate pressures ultimately can be transmitted outward to the other party, and to government." This position as a semi-permanent opposition "would not be a mean role" and might be a "historical necessity for the country."[4] In this vision of the future, a self-interested, short-sighted, and inherently evil majority dominates a weak, liberal, but virtuous minority.

Whatever its programmatic shortcomings, the concept of a "party of access" does at least dispose of the myth that in the United States a party of the left can be a majority party. It accepts the fact that a Democratic Party that is a black party in the south, a labor party in the north, and a radical or liberal party nationally cannot hope to govern the nation.

The alternative to indefinite presidential minority status is termination of the New Politics ascendancy. Bringing this about would involve some combination of actions in five areas.

First, new sources of national leadership would have to emerge to reverse trends towards group fragmentation and categorical representation. This leadership could best come from a Democratic President, but ending New Politics dominance may be a prerequisite to the election of a Democratic President. Conceivably, however, a combination of events could make possible a Democratic victory in 1988 without prior restructuring of the party. First, the Democratic candidate will not be running against Ronald Reagan, and no other Republican in sight has comparable personal appeal. Second, unless Reagan dies in office the Democrat will be running against a non-incumbent candidate of an incumbent party, and no such candidate has won the Presidency since Hoover in 1928. Third, he will quite probably be running in the context of current or very recent severe economic hardship. Even if this combination of circumstances should put a Democrat in the White House in 1989, however, it still leaves open the question of whether that President would want to restructure the party. That, in turn, will be shaped by what happens in the interim. Prior to 1988, leadership challenging the New Politics ascendancy could come from several Democratic governors and senators who already seem to be moving in that direction.

Second, a redrawing of the lines of coalition and cleavage within the Democratic Party will be necessary. In 1984 Reagan won the votes of 75 percent of white southerners, 67 percent of young professionals, 52 percent of those earning between $10,000 and $20,000 a

[4] Tom Wicker, *New York Times* (November 25, 1984).

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year, 47 percent of the members of union households, and 33 percent of those who voted for Gary Hart in the Democratic primaries.[5] To again become a majority party the Democrats must win back substantial portions of these groups. This will involve replacing the dominant New Politics cum labor coalition with a new trans-strata coalition of white southerners and moderate income workers from the New Deal stratum, the young professionals, independents, and others in the emerging newly affluent stratum, and whatever elements can be recruited from the New Politics stratum. The development of such a coalition could do much to refurbish the image of the Democratic Party as a moderate, responsible party capable of governing. As I have pointed out, American party politics often involves an attraction-repulsion dynamic. In 1948 the split away of the Wallace supporters greatly encouraged the return to the Democratic Party of massive numbers of Catholic voters who had not supported the Democratic ticket since 1932. This movement was crucial to Truman's victory.[6] In 1988 a similar splitting off into a third party of the more radical Jesse Jackson supporters among blacks and the more extreme liberal groups among whites could provide the impetus for the return of many of those moderate Democrats who have twice voted for Reagan.

Third, some adjustment in party positions on policy issues would also be required. As indicated above, the key position of the New Politics stratum in the Democratic formation leads to the adoption of liberal policy positions in foreign, economic, and social policy. Public opinion in the country, on the other hand, is by and large: *ambivalent* on foreign policy, favoring both military strength and anti-communism, on the one hand, and arms control agreements and no sustained U.S. military involvements, on the other; *flexible* on economic policy, tending to be more conservative during periods of prosperity and inflation and more liberal during the periods of recession and high unemployment; *divided* sharply on social policy, with a majority generally supporting more liberal positions and a minority more conservative ones.

This distribution of opinion would suggest that a trans-strata Democratic coalition would do well: to highlight social policy issues, especially the extremist positions of some Republican Moral Majority groups (which produced a backlash effect in the 1984 election among Jews and young professionals); to attempt to formulate a

[5] *Time* (November 19, 1984) pp. 44-45.

[6] Samuel Lubell, *The Future of American Politics* (New York: Harper & Bros., 1951), chapter 10.

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middle of the road economic policy position combining deregulation, reduced spending for many social welfare programs, incentives for economic growth, and substantial subsidies for retraining and resettlement of the unemployed; and to adopt a balanced foreign policy, combining the emphasis on negotiations and accommodation that characterized the Carter Administration with the Reagan administration's emphasis on military strength and vigorous defense of American interests abroad.

Fourth, the creation of a dominant trans-strata coalition would also have to be reflected in an ideologically balanced 1988 ticket. The strongest ticket would probably combine a southerner with either a northerner or westerner and a candidate whose primary but not only appeal was to the newly affluent groups with one whose primary but not exclusive appeal was to elements of the New Deal stratum. Such a ticket would substitute a more outward reaching strategy for the downward reaching approach of 1984. This might produce less enthusiasm for the Democrats among blacks, women, Hispanics, and the poor, but this is likely to be more than outweighed by the ticket's broader appeal to erstwhile defectors and independents. In addition, with the possible exception of the Hispanics, it is hard to envision the Republican Party making significant inroads among these groups.

Finally, the Democratic leaders of the next four years and the Democratic candidate in 1988 will clearly have to set forth a new vision of where their party stands and what sort of country they want. As I have indicated, the exact content of that vision will be shaped in large part by what the Democrats are running against in 1988. If it is to appeal to a majority of the voters, however, that vision will undoubtedly have to include emphasis on themes such as moderation, opportunity, and community that have been subordinated during the years of the New Politics ascendency.

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Eternal hope: America's quest for narcotics control

PETER REUTER

THROUGHOUT THE TWENTIETH century, the government of the United States has maintained that the solution to the American drug abuse problem lies with the foreign nations that produce the most important illicit drugs. This has been the view of administrations as different as John Kennedy's and Ronald Reagan's and it has been held about drugs as different as heroin and marijuana. The tone of the official statements on this matter has become somewhat less accusatory over the years—the government no longer suspects Communist governments of attempting to corrupt American moral fiber and fighting power through drug exports, though the Bulgarians, North Koreans, and Cubans have in fact been caught in minor facilitating roles from time to time. But there has been no change in the view that cutting exports from countries such as Burma, Colombia, and Pakistan is the best method for reducing U.S. consumption of heroin, cocaine, and marijuana. As the White House stated in 1982, "elimination of illegal drugs at or near their foreign source is the most effective means to reduce the domestic supply of these substances."

This notion became a genuine part of American foreign policy when President Nixon, under heavy congressional pressure, initiated a series of bilateral agreements with source countries to assist

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them in reducing their exports. These agreements have become a standard component of battles between the State Department and Congress, Congress generally charging that the Department gives too little high-level attention to the drug problem. But there is no political dispute about the centrality of these international programs to American drug policy. The only dispute concerns the appropriate levels of expenditure and the intensity of pressure to be exerted on other nations.

The notion of production control, as it is usually called, is indeed an appealing one: Enough of the band-aids of interdiction and domestic law enforcement; we shall strike at the *fundamentals*, namely drug production itself. I think it fair to say that the appeal is peculiarly strong for Americans. The rest of the world is much more resigned to band-aids, if not to the ailment itself.

Unfortunately, there is plenty of evidence that U.S. foreign drug control efforts have been unsuccessful. In recent years, U.S. consumption and world production appear to have increased somewhat for heroin, and greatly for the other two drugs; prices have been declining in the United States.

The failures of U.S. international programs are not the result of incompetence or inadequate resources; they are inherent in the structure of the problem. The producer countries jointly lack either the motivation or the means to reduce total production. Even if such reduction were possible, it is unlikely that U.S. imports from each of these countries, apart from Mexico and Turkey, would be affected. Just as important, the set of source countries is readily expandable. The international programs serve a useful function in curbing illicit drug use in some major source countries. But they will do little to reduce drug abuse in the United States.

Dubious data

Numbers play a critical role in discussions about drug policy, both domestically and internationally. The numbers usually cited are impressively large. A recent *New York Times Magazine* article by Mathea Falco, the first Assistant Secretary of State for International Narcotics Matters (during the Carter Administration), provides most of the standard ones. "In the United States, Exxon is the sole corporation with annual revenues in excess of the $79 billion that, according to the Drug Enforcement Administration's last estimates, is generated every year by the sale of illicit drugs." "In many less developed countries of the third world, drug trafficking . . . is

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transforming whole economies. In Colombia . . . marijuana and cocaine, together, produce more foreign exchange than coffee and cut flowers, that nation's chief lawful exports." "Bolivia's lawful foreign-exchange earnings . . . account for $800 million; cocaine is estimated to generate as much as ten times that."

None of these figures is well-founded or plausible. The best study of the total expenditures on illicit drugs in this country, by Ken Carlson and his associates, points to a total of less than $27 billion (for marijuana, heroin, and cocaine).[1] Even that may be too high, since it includes a very dubious estimate of the total number of heroin addicts.[2] The official estimate of $79 billion that Falco referred to was based on extremely questionable estimating procedures and has been, as of 1983, effectively disavowed by the Drug Enforcement Administration. Unfortunately, high-level political rhetoric clings to the old, inflated figures. The visible lobbies in this area (law enforcement, treatment providers, citizen anti-drug groups, etc.) demand high, rather than accurate, estimates.

That estimate is critical to the second set of numbers, namely the foreign exchange earnings of the producer countries. If total marijuana expenditure is $7 billion (Carlson's estimate) rather than $22 billion (the official estimate), and we take account of the fact that the exporter receives barely 8 percent of the retail price (see table), then we start to see much less frightening figures for producer country earnings. Total producer country earnings are probably about $500 million for marijuana; for cocaine the comparable figure is probably $300 million. Colombia's coffee exports in 1980 earned $2.4 billion, and since there is a fair amount of smuggling of coffee, this figure is an underestimate. While earnings from drugs are large, they simply do not overwhelm producer economies.

Export and Retail Prices of Drugs, 1980[a]

	Export Price[b] *(Per pure kilogram)*	*Retail Price (Per pure kilogram)*
Heroin	$70,000	$1,900,000
Cocaine	20,000	650,000
Marijuana	135	1,700

[a] *Source:* Adapted from Narcotics Intelligence Consumers Committee, *Narcotics Intelligence Estimate* (Washington, D.C.: Drug Enforcement Administration, 1982).
[b] As it leaves the source or final transshipment country.

[1] Ken Carlson et al., "Unreported Taxable Income from Selected Illegal Activities," Cambridge MA: Abt Associates, 1983.
[2] See "The (Continuing) Vitality of Mythical Numbers," Peter Reuter's article in *The Public Interest* No. 75 (Spring 1984), pp. 135-147.

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Of products and producers

While all three drugs are derived from foreign plant sources, each presents a distinctive problem which can best be understood after a brief description of the sources and circumstances of production.

Heroin is derived from opium, itself a simple product of the poppy plant (*papaver somniferum*), grown for centuries throughout Asia and the Middle East. Opium has many legitimate uses, both for the farmer (cooking oil, cattle feed, and fuel) and for pharmaceutical companies (pain killers). There is a large, and apparently effectively controlled, legal production of opium in a number of countries (India, Turkey, Australia, and France are the most prominent). For illicit consumption, either of opium or the more refined heroin, the major producers are peasant farmers in Afghanistan, Burma, Iran, Mexico, Pakistan, and Thailand. The U.S. heroin market receives supplies from all of them.

Cocaine is produced from coca leaves that are grown in only four countries: Peru, Bolivia, Colombia, and Brazil. Peruvian and Bolivian coca growing is long established, and a significant share of the leaves is consumed domestically as a mild stimulant. Peruvian leaves are also refined, legally, for pharmaceutical and flavoring purposes. Colombian and Brazilian production, which has developed only in the last few years, is solely for illicit refining into coca base and, eventually, cocaine hydrochloride, for foreign (predominantly U.S.) consumption. A significant fraction of Peruvian and Bolivian production is also destined for illegal markets. Again, the producers are peasant farmers.

Marijuana grows throughout the world, under a wide variety of horticultural and climatic conditions. Currently, the major producers are Colombia, Jamaica, Mexico, Morocco, and the United States. The American market is supplied predominantly by Colombia and Jamaica; it is possible that Colombian production is more organized, by entrepreneurs who finance farmers and have developed better strains of the crop.

Each drug is associated with significant corruption in most of the producer countries. The U.S. government has obtained indictments, though not extradition, against senior cabinet ministers in the former Bolivian regime of General Garcia Meza. The marijuana export trade in Colombia may at times have been run by military officials, and the Thai government has admitted widespread corruption in its narcotics control efforts.

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Two other preliminaries are necessary before we consider the efficacy of U.S. programs. First, the price of the illegal drug at the point of export to the United States is a very small percentage of the final price paid by the U.S. consumer. The table presents figures on the export and final prices for all three drugs in 1980. The export price is less than 10 percent of final price in each case. Most of the final price is compensation to dealers for legal risks incurred in domestic distribution. Even very large increases in the producer country prices will have but a negligible impact on the U.S. price and hence consumption. The international programs can work only by creating an *absolute* scarcity of the drugs for U.S. consumption.

Second, the U.S. probably consumes only a small share of the total world production of opium, which is estimated at between 1,000 and 2,000 tons annually. (U.S. heroin consumption accounts for only about 40 to 50 tons.) Given that even poor U.S. heroin addicts are more affluent than other user populations, it is likely that they should be regarded not as the marginal but the first consumers.[3] Even quite a large reduction in the total world production of opium might not make it difficult for U.S. heroin addicts to acquire heroin. While estimates of world marijuana and coca leaf production are far more uncertain than for opium, it appears that U.S. consumption accounts for less than half of the total.

U.S. control efforts

U.S. efforts to suppress foreign production of illicit drugs go back at least to the Shanghai Treaty of 1909. Believing that the instability of China was very much bound up with the widespread use of opium, supplied through much of the 19th century from India by British merchants, the United States sought a treaty system that would require all nations to control the production of opium and its derivatives. Other nations were a great deal less enthusiastic, but, in 1913, 34 nations signed a fairly comprehensive agreement. In that more innocent era, there was enough faith in treaties per se (later extended, again at the urging of the U.S., to cocaine and marijuana) that no program of assistance for enforcement was established. The Drug Enforcement Administration's predecessor, the Federal Bureau of Narcotics—despite the notorious political aggres-

[3] Alternatively, one might note that the source country price is a small share of total price for American heroin users and a large portion of the total price for source country users of either opium or heroin. Thus, it is plausible that the elasticity of U.S. heroin demand, with respect to source country opium price, is lower than that of source country users.

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siveness of its long-time head Harry Anslinger—remained a small agency. It had less than 450 employees in the early 1960s and only five agents posted in Europe, which was even then the site of most heroin refining for the U.S. market. Little attention was given to drugs other than heroin.

The growth of heroin use in the late 1960s changed U.S. policy markedly. No longer content to work through the international treaty system, the United States for the first time began to seek bilateral agreements, involving the use of U.S. resources and personnel, to strike at production in nations deemed particularly important to the American heroin problem. These efforts have been expanded since 1979 to include cocaine and marijuana.

The U.S. has tried a number of approaches. Some efforts focus on production itself. Resources are provided to aid local law enforcement agencies to eradicate crops, either through the spraying of a herbicide (as was done in Mexico for opium poppies) or by manually uprooting plants (as is occasionally done with coca plants in Peru). A number of projects have been funded, either by the United States directly or through multilateral agencies (such as the United Nations Fund for Drug Abuse Control), that aim at providing alternative commercial crops for farmers growing coca (in Peru) or poppies (in Burma).

Since 1978, the State Department's Bureau of International Narcotics Matters (INM) has been responsible for foreign production control efforts, through diplomatic efforts and targeted economic assistance programs. INM had a budget appropriation of $38 million in Fiscal Year 1983.

The Drug Enforcement Administration also assists foreign governments in law enforcement activities aimed at refining and distribution, particularly in source countries. It trains foreign police at U.S. facilities, and has offices in major source and transshipment countries to help target traffickers particularly significant for the U.S. Its international activities were budgeted at $31 million in FY 1983. Total federal expenditures on all drug programs were about $1 billion that year.

The small expenditures on the international programs have sometimes led Congress to charge that the Executive Branch is not taking the problem seriously enough. Indeed, in 1980 Congress forced the State Department to allocate $7 million to Colombia, at a time when INM believed, correctly as it turned out, that the Colombian drug enforcement agencies would not accomplish much with the money. Generally, INM has been consistent in its view that the most important tools are diplomatic rather than financial. The second

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head of INM, Dominick DiCarlo, asserted, with the concurrence of the head of DEA, that one dollar spent overseas on crop reduction was worth ten dollars spent domestically on the enforcement of drug laws. But he seems also to have understood that this may be the result of picking foreign opportunities carefully. It does not mean that there are many remaining opportunities for productive expenditures overseas.

Officials in INM base their optimism on the apparent success of diplomatic efforts. They claim that there is increased interest on the part of senior U.S. officials in raising these issues with their foreign counterparts, and that those counterparts are more willing to follow up on promises of action. The recent success of the Pakistani government in greatly reducing the illicit cultivation of poppies in some areas of the country is cited as an instance of effective diplomatic pressure. Though a total national ban on opium production has not been implemented, new laws, increased police efforts, and low producer prices had reduced estimated production levels to less than 45 tons in 1984, compared to 800 tons in 1979.

In some countries that produce opium, local increases in heroin use may have increased the willingness of governments to implement crop reduction and traffic control programs. While estimates of the addict populations in countries such as Thailand and Pakistan are extremely unreliable, it is clear that these countries believe they have a substantial problem. INM cites an estimate of 50,000 Pakistani heroin addicts, where there were almost none ten years ago. With a certain amount of skepticism, INM cites a figure of 400,000 to 600,000 Thai addicts, again an entirely new phenomenon. Domestic Colombian use of a dangerous combination of marijuana and cocaine residue is a cause of concern in that country.

Down on the farm

Despite the increasing concern with local drug use, there are many impediments to successful crop reduction efforts in producer countries. The first is that farmers usually do not have an easy alternative commercial crop. Currently, poppies may indeed be the only crop that can be produced in remote areas of Burma and Thailand to provide steady cash income. Everyone recognizes that increased law enforcement efforts against farmers will have little effect unless other productive opportunities are provided. This takes many years. The basic strategy of the UN Fund for Drug Abuse Control (UNFDAC) and the Thai government is to develop these alternative cash crops.

In most cases, this requires, among other things, the creation of

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a new infrastructure (roads in particular) to permit the efficient delivery of bulkier and more perishable crops to distant markets. Farmers must also learn how to produce crops entirely new to their regions, such as cacao in the Upper Huallaga valley of Peru and kidney beans in the Chiang Mai area of Thailand. Whether these efforts will turn out to be sufficient is a matter of speculation. (Indeed, subsidized irrigation and fertilizer might have the perverse effect of increasing the productivity of illicit farming.) The programs in Thailand show promise but encompass a population of only a few thousand, and there are no instances in which crop substitution has actually been achieved on a large scale.

It should be noted that there is little talk of crop substitution for marijuana producers; enforcement alone is supposed to deal with the problem. Two arguments have been made for this policy. First, marijuana is grown solely for illicit commercial purposes, whereas poppies and coca have licit uses as well. Thus, one can simply spray all marijuana fields without worrying whether one or another might in fact be legal. This would not work in Peru, where there are some 9,000 licenses for coca production. Second, producers of marijuana are "mercenary"; they are not peasant farmers without a cash crop alternative. As one official suggested, it would scarcely be good policy to reward new marijuana source countries by granting them agricultural development assistance.

A second major obstacle to crop reduction is the generally weak control of governments in the producing areas. The Thai and Burmese governments have long been fighting insurgent movements in the hills that are home to the poppy growers. The Peruvian government has little effective control in some of the very remote regions that produce coca leaves. Similar statements are true for Afghanistan, Pakistan, Bolivia, and Laos, at least. Even where governments are strongly motivated and have sensible plans, they are likely to have great difficulty in implementing them.

Third, some major source countries, notably Iran and Afghanistan, have hostile relations with the United States. Though they may adopt policies to reduce domestic consumption, they are unconcerned about U.S. imports. Fourth, U.S. relations with most of the other countries involved in opium production are very complex. The United States would like Pakistan to adopt certain policies with respect to Afghanistan. It seeks to retain bases in Thailand. It would like Colombia to take particular positions with respect to Central America. A DEA official explaining the relatively light pressure being exerted on Jamaica was quoted in the *New York Times* as say-

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ing, "Some analysts believe that if you came in with a severe narcotics program, you could affect the existence of the present government . . . Drugs are a serious problem. But communism is a greater problem." Given all these considerations, and the disinclination of diplomats and policymakers to concern themselves with such unseemly matters as the drug trade, it is difficult to put consistent pressure on source country governments.

Finally, and perhaps most important, the set of producer countries is not fixed. New producers emerge all the time. Brazil is apparently witnessing a rapid growth in coca and marijuana production. Until five years ago, these crops were minor and were used only for peasant consumption; by 1983, the Brazilian authorities claimed to have destroyed or seized nearly 2,000 tons of marijuana (almost 30 percent of the best estimate of U.S. consumption). Belize, an enclave of 150,000 people in Central America, may have produced 700 tons of marijuana in 1983, all for export, where there was none five years earlier. Pakistan had little opium production prior to 1948, the British being concerned to protect the markets of opium farmers in other parts of British India. Yet by the mid-1950s, there was substantial licit and illicit opium production in the North West Frontier Province. There is no reason to believe that other countries, with large impoverished peasant populations and weak central governments, would not soon become significant producers if the current producers greatly cut back. A large or traditional local market turns out not to be essential. In the instance of marijuana, we must also note the rapid growth of very high quality domestic U.S. supplies.

The lack of motivation may be equally important. The national governments in many of these countries believe that the political costs of reducing the cash income of farmers are very high. Indeed, in describing the recent Bolivian crack-down on coca producers in the Chapare region, involving the moving in of troops, the *New York Times* reported: "On August 17, less than a week after the Chapare occupation, the government was forced to drop the peso's official value by more than half, from 2,000 to $1 to 5,000. And in Bolivia, the world's most politically unstable country, that is enough to start talk of a coup." Governments dealing with the enforced stringencies of the IMF are likely to give pause to efforts that will add to their domestic economic worries. The extent to which foreign exchange earnings from drug exports matters is unclear: In most situations only a small share of these earnings enter the official accounts, but some certainly does.

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The international pipeline

Crop reduction is touted as a goal by the United States because it is assumed that the less each source country produces, the less will be exported to America. Clearly, if *none* is produced, then none can be exported. But it is also plausible that quite large reductions (or increases) in any particular country's production will have little impact on exports to the U.S.

We start with the observations on the price of opium in source countries relative to the price of heroin in the U.S. As we have seen the ten kilograms of opium in Thailand needed to make one kilogram of heroin cost, at most, $1,000. If that price fell to $100 or rose to $5,000, it would have little effect on the price of heroin delivered to the U.S. (roughly $200,000 per kilogram at the importation level). Yet the effect of crop reduction, short of elimination, is simply to raise local prices.

Moreover—and contrary to what we would expect in a smoothly working international market—it appears that quite large differences in source country prices for particular drugs have little effect on the composition of U.S. imports from country to country. For example, in the oil market Nigeria has only to raise its price by 1 percent to lose a large share of its sales; its customers have little hesitation in shifting to other suppliers. Yet the bazaar price for opium in Burma can be half that in Pakistan without any great shift in the origins of American heroin imports.

One plausible explanation for this is that the price of a drug from a particular country is not determined chiefly by source country price, but by the availability of efficient international distribution networks. This is certainly consistent with the fact that most of the export price of drugs represents payments to couriers and dealers for incurring risks. For example, the essential characteristic of relatively cheap Mexican opium and heroin was not the price of opium in Mexico (which was high relative to other producer countries), but the efficient Mexican networks for distribution. Reducing the supply in Mexico—as was achieved—did have the effect of shutting off the pipeline. But if it were easy to smuggle heroin *into* Mexico, the loss of this local production would have been of little consequence for the U.S.: The cheap distribution networks would remain. As it turns out, the Mexican government is reasonably effective at making it risky to bring heroin into that country, so the trafficking networks have been thwarted.

Similarly, the increased availability of Southwest Asian heroin in Western Europe and the U.S. shortly after 1979 may have had

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less to do with the price of opium in the local markets than with the growing density of traffic from Southwest Asia to Western Europe. Pakistan has substantial expatriate communities in Britain and West Germany. There are also large communities of Armenians and Lebanese in Europe and Iranian immigration to the U.S. suddenly increased after 1977. These provide broad pipelines, so to speak, within which to hide the movement of drugs.

These broader pipelines have three important advantages for drug smuggling. First, they make it more likely that the courier will not be detected, because surveillance decreases in intensity as the general traffic from a particular source country increases. If there is only one flight each day from Karachi to London, then it is possible to scrutinize every vaguely suspicious looking passenger; if there are ten per day, this becomes much more difficult and expensive.

Second, the probability of finding a courier able and willing to carry the drugs increases with the size of the pipeline. When the only Pakistanis travelling to London are well-to-do tourists, it will probably be hard to find a courier. The lone peasant on a plane filled by the wealthy might well get caught. But when there is a steady flow of poor migrants, it will be easy to find and conceal a courier within the flow.

Third, if there is a large population of immigrants from the source country in the consuming country, it is more likely that the exporter can find a local high-level distributor. The more Pakistanis resident in London, the higher the probability that a Pakistani exporter can find someone there who will know an English distributor.

If this is so, then we must ask why there are relatively sudden changes in the distribution patterns to source countries. After all, the immigrant flows and the heaviness of traffic from source to consuming countries change relatively slowly; the middle-class Iranian exodus of 1978-80 was unusual. There was not a sudden increase in the number of Pakistanis in Western Europe around 1980, which might explain the great increase in the flow of heroin along that path.

The pipeline effect is likely to be nonlinear. There are thresholds —in number and composition of travellers and in the size of the local community—which, once passed, may lead to rapid changes in the efficiency of the distribution through a particular pipeline. The international cocaine market provides some evidence consistent with this view. Most cocaine entering the U.S. comes from Colombia, though the raw material is produced mostly in Peru and Bolivia. The advantage of Colombia as an export source is partly that it is the largest South American source of migrants to the U.S. On the

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other hand, most cocaine exported to Europe leaves from Brazil, which has the largest migrant population in Europe.

Pyrrhic victories

With this view in mind, let us turn to two of the "success stories" in the U.S.'s international drug control program:

Turkey was believed to be the source of 80 percent of the opium used for American heroin supply in the late 1960s. The U.S. government offered to provide compensation for licit Turkish poppy growers if the Turkish government would prohibit all poppy farming. An agreement was signed in 1971, committing the U.S. Treasury to pay $35 million to Turkey. It appears that the ban was successful and that little opium was grown in Turkey during the period it was in force.[4]

The ban lasted less than two years. The U.S. delivered about $23 million, but Turkey's internal politics led it to abrogate the ban in 1974. Instead, the Turkish government then imposed stringent controls, designed to assure that there was little leakage from the legal opium market. The controls, unhindered by American notions of due process and individual justice, seem to have been successful. A major instrument is the threat to destroy the authorized poppy crops of all members of a village if even one member is found to be growing unauthorized poppies. This provides a strong incentive for self-policing at the village level. Certainly, though Turkey remains a major transshipment country for heroin from Southwest Asia, there is a widespread belief that it produces negligible amounts of opium for the illicit market.

What was the consequence for the United States of the successful Turkish ban? The immediate effect was significant; purity declined and prices rose. However, it appears that this shortfall in supply was quickly offset by the development of Mexican heroin production. It is quite plausible that this was a simple coincidence, but most observers believe that it was a response to the opportunity provided by the Turkish ban. There is no evidence that the ban led to more than a very brief reduction in the availability of heroin in the United States, and it has been estimated that by 1974 Mexican heroin accounted for 80 percent of total U.S. consumption. Particularly alarming was the fact that Mexico had no domestic opium or heroin market; production was intended solely for export to the U.S.

[4] The tangled web of events surrounding the Turkish poppy ban is well-described in James Spain, "The United States, Turkey, and the Poppy," *The Middle East Journal*, 1983.

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The second success story concerns the subsequent U.S. efforts with Mexico. In 1973, the United States and Mexico entered into an agreement. The U.S. provided assistance to the Mexican government to eradicate poppy fields, mostly located in mountainous and isolated areas in the north of the country. The United States thus supplied equipment, principally helicopters and planes, training, and some herbicide, and the result was that heroin production in Mexico fell 75 percent from 1976 to 1980.

This does appear to have had an impact on the availability of heroin in the U.S. A number of indicators point to a decline in heroin use from 1975 to 1979: The official estimate of the number of addicts fell by 20 percent, prices rose sharply, and purity fell. It is difficult to identify any difference in domestic enforcement that might account for the changes. Not until 1980 did U.S. heroin consumption approach its former levels.

At its peak, Mexico never produced more than 5 percent of world opium supplies. It was, moreover, a very high-cost producer, with farmgate prices at least ten times those of other source countries. But it was a low-cost source country for U.S. heroin addicts, because the costs of bringing heroin into the U.S. were so low. This was a function of the porousness of the U.S.-Mexican border and of the density of the cross-border traffic within which the heroin moved.

Why did no other producer country take Mexico's place during these four years? There are some special circumstances that may have had a role. Most important was the final departure of U.S. armed forces from South Vietnam, which shut down a particularly efficient pipeline for Southeast Asian heroin into the U.S. The Turkish poppy ban and the end of the trafficking system known as the French Connection also combined to eliminate an important distribution network. Certainly it was not the lack of opium in world markets from 1976 to 1978 that led to the relative tightness of the U.S. heroin market: Pakistan, for example, already had a bumper crop in 1978, well before the new influx of the Southwest Asian heroin into the United States.

The third success story concerns Mexican marijuana, which dominated the U.S. market in the early 1970s. Paraquat spraying, with the same equipment that the U.S. had provided for opium eradication, dried up U.S. demand for Mexican marijuana, since there was some evidence that smoking cannabis that had been sprayed with that pesticide was seriously harmful to the user's health. The share of the U.S. marijuana market supplied from Mexico fell dramatically. However, once again a new producer, Colombia, appeared

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on the scene, this time so rapidly that there was no detectable interruption in supplies. Moreover, Colombian marijuana turned out to be of significantly greater potency.

The success of the Mexican and Turkish efforts suggests that rapid declines in individual source country production *can* be achieved. However, I think there are two important distinctions between Turkey and Mexico, on the one hand, and most other source countries on the other. First, in both nations the central government's authority in the growing areas was very strong. In the seven provinces of central Turkey—the traditional opium producers—the national government could enforce laws with little risk of revolt. The same cannot be said, for example, of the coca producing areas of Peru —currently the operating territory of the Shining Path guerrillas— or the opium regions of Burma, controlled by insurgent armies. Though the northern provinces of Mexico are rugged and difficult to police, there was no political threat arising from more stringent enforcement.

Second, the illicit drug revenues were not very important to the national or major regional economies of Turkey and Mexico. The Turkish government has been very careful to prop up prices for licit opium, creating thereby an enormous stockpile in order to maintain farm income. But the illicit market accounted for a relatively small share of the total revenues of the producing areas. The same was true for Mexico, but is not true for major areas of Peru, Bolivia, Burma, and Afghanistan, at least.

There are some surprising features of the ultimate failure of the Turkish opium ban and the Mexican marijuana spraying. First, new crops came on line elsewhere with unexpected speed. While we lack sufficient data to estimate how large an expansion took place in the relevant period, it appears that thousands of peasant farmers in Mexico (opium) and Colombia (marijuana) increased their acreage under drug cultivation within a few months in response to new income opportunities. This is rather sobering testimony to the adaptability and energy of these farmers, perhaps as encouraged by drug entrepreneurs.

Second, new export-import channels developed very rapidly. Prior to 1970, there seems to have been a trivial amount of Mexican heroin exported to the United States; by 1974, such trafficking networks were able to accommodate a very substantial amount of heroin. In the case of Colombian marijuana, it is possible that the already substantial cocaine trade provided a base for the sudden expansion of the marijuana exporting. However, the two drugs usu-

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ally travel by different routes; cocaine is typically flown in, while marijuana most often comes in by small boat. Trafficking organizations, at least at the export level, seem to specialize in just one of the drugs, along with minor quantities of the other for personal use.

Third, locational advantage does not seem to be very important. Mexico is ideally placed for the export of marijuana, which is bulky: The border is long and no specialized equipment is necessary. Yet Colombian marijuana supplanted Mexican with no apparent loss of marketing efficiency.

The sad fact is that real long-term success stories have had nothing to do with international aid and law enforcement. Vastly more important is political and economic development. Macedonia was, prior to World War II, a significant producer of opium, mostly for domestic consumption. By the early 1970s, opium production had fallen to about 5 percent of its previous level. Some analysts plausibly attribute this to general economic progress in the producing area, which made the relatively labor-intensive crop less economically attractive.[5] On the political side, we have the success of China in its southwest provinces. Though some minority groups still produce for their own consumption, the major production areas have been eliminated since the establishment of the present regime. That is probably the result of the central government's repugnance for all symptoms of decadence in the old culture. It is hard to draw any but the most pessimistic lessons from these two examples, at least for the design of drug enforcement assistance programs.

Placebo policies

Congress has been frequently indignant about the lack of progress in curtailing foreign production and exports to the U.S. Statutory restrictions have been placed on U.S. aid to those nations involved in drug production, but it has been difficult to implement these restrictions. The complexity of U.S. relations with most other nations, as well as the difficulty of determining just how seriously these foreign governments are in fact taking the problem, have combined to prevent effective use of other aid programs to encourage crop reduction overseas. Only one country has ever been denied aid as a consequence of its failure to cut back drug production: In late 1980, aid to the corrupt Bolivian regime of General Garcia Meza was suspended, to be resumed in 1983 following the election of President Siles Zuazo.

[5] Bruun, Kettil, Lynn Pan, and Ingemar Rexed, *The Gentleman's Club* (Chicago: University of Chicago Press, 1975).

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Official documents—the 1982 White House *Drug Strategy*, the 1984 INM report to Congress—say all the right things. There are no illusions about the will and power of most of the relevant governments. It is noted that the United States is not on friendly terms with some of the critical producer countries. There is an awareness that the problem for individual countries is a long-term one; peasant farmers are understandably unconcerned about American drug use and are likely to be rather more efficient at opium, marijuana or coca production than at producing other, newer crops. But documents continue to advocate the same strategies—treaties, crop replacement, and so on.

It is unlikely that such policies will be successful in reducing American drug consumption. They ignore the realities of the world drug market. Many countries are sources for U.S. consumption, and exports to this country are affected at most only slightly by their total production. (In the case of Mexican opium, U.S. efforts were able to reduce total production so substantially that there was simply too little heroin to deliver. But Mexico is distinct from most major source countries: the absence of an indigenous market meant that there was no local consumption base from which to bid for export material.)

In general, if it is the cost of distribution that determines a nation's exports to the United States, then two consequences must be noted. First, INM programs should focus on those countries that are the major sources for U.S. markets, not those that are simply the largest producers. There has already been some implicit recognition of this; the attention given to Mexico represented its importance to U.S. consumption, not to world production. Second, except where U.S. consumption is the bulk of the market, programs should focus on distribution to a greater extent than they do. Unfortunately, we have little idea of how to make distribution a more risky and expensive activity in other countries.

There are, despite this, good arguments for maintaining an international production control program. First, some success cannot be ruled out. The right set of ecological and political events might make it possible, through effective diplomacy, to cause a major short-term disruption in the U.S. drug market. For example, a drought in Afghanistan, continued success in crop substitution in Pakistan, and the installation of a more authoritarian regime in Thailand might make heroin somewhat scarce in the United States for two or three years, this being a good guess as to the time needed to increase production elsewhere and to establish the necessary traf-

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ficking routes. Estimates of the annual social cost of drug abuse in the United States are highly speculative, but a figure in the tens of billions is not unreasonable. Spending a few million dollars annually for even a 1 percent probability of reducing that cost by $10 billion or so is not unwise.

Second, the vast array of international treaties that attempt to restrict the diversion of licit production into illicit markets is worth preserving. Note here an important distinction between the U.S. and the source countries: Because the U.S. is wealthy and populated with recent immigrants from many different countries, it has relatively smoothly functioning traffic flows to a number of producer countries. That is not true for many of the source countries themselves. A drying-up of heroin supplies in Bangkok is unlikely to bring a flow of drugs to Thailand from Pakistan, let alone Mexico. Consequently, the major beneficiary of U.S. efforts at curtailing Thai drug production is Thailand itself, along with other countries in the region (most notably Malaysia, whose drug users are dependent on Thai opium). The U.S. commitment to reducing illicit production is important in these regions. Its abandonment might greatly increase the availability of drugs for illicit markets throughout the world, the social costs of which, for the source countries, are likely to be substantial.

These are arguments for maintaining the existing programs. They are also arguments for lowering the level of rhetoric, particularly in Congress, concerning the importance of these programs in helping deal with the domestic drug abuse problem. They are best seen as part of America's general foreign aid policy. They should be seen only secondarily as (very speculative) investments in the long-term reduction of the availability of drugs in the U.S.

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Due process— how much is enough?

J.S. FUERST & ROY PETTY

A PERVASIVE PROBLEM for those concerned with civil rights is how to extend those rights as widely as possible without interfering with the business of operating a government. Since 1960, we have witnessed growing concern about the conflict between the single-minded pursuit of civil rights and the effect of this pursuit on the government. The predominant attitude toward government services has become one of suspicion and hostility. As David Rothman has put it,

> From the perspective of professionals and administrators, civil libertarian lawyers have become so enamored of establishing rights that they completely forget the significance of anything else, whether it is patients' need for treatment, society's need for self-protection, or the community's need for housing.[1]

Why are these issues being raised now, at a time of increasing conservatism in the national government, in the federal courts, and indeed in the mood of the public at large? Why propose further limitations of any kind on personal rights and liberties when that process seems well under way?

One answer is that an unreasonable emphasis on rights rather than social needs serves the interests of the present administration, which identifies its opponents as civil libertarian purists with little

[1] David J. Rothman, "The State as Parent," *Doing Good: The Limits of Benevolence* (Pantheon Books: 1978), p. 172.

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administrative sense and no knowledge of administrative reality. Another is that experience indicates that it is not enough to try and find an equilibrium between the limiting of the discretion of social welfare administrators or the limitation of the expansion of rights; what is needed is a supplementary strategy to accomplish the same ends.

In the past, liberals have tended to view any expansion of due process rights as a good thing, while putative conservatives have tended to think otherwise. But after a spate of recent cases—involving, for example, adoption, foster care, public housing, schools, and prisons—it is now clear that the issues are not that simple. Even staunch proponents of a strong civil-liberties position must begin to ask themselves two questions: First, how good is the expansion of due process rights in government-administered social programs when it begins to hamper or even cripple the benefits that the program in question is supposed to provide? Second, does the formalization of the process by which the state confers benefits and sanctions improve human welfare?

The expansion of due process

The law in question is, of course, the simple command of the fourteenth amendment (taken from very similar wording in the fifth amendment): ". . . nor shall any state deprive any person of life, liberty, or property without due process of law." In earlier times, the principle meant in practice that before the government could hang you, jail you, or take your money or land, it had to go before a judge and convince him or a jury that it was fair and correct to do so. Concomitantly, legal definitions of what constituted "liberty" or "property" were quite narrow.

But in recent decades, the concept of "property" has become vastly more complicated as the government's role in providing or protecting property itself has increased. We now recognize as part of our wealth and property a bundle of rights and expectations that would never have been considered as such a few decades ago; the right to Social Security benefits if we are retired or disabled; the right to available welfare if we are destitute; the right to free public education if it is offered; the right to live in public housing if it is available and we qualify; the right to retain government jobs as long as our work is satisfactory according to objective and fair standards. The extension of fifth and fourteenth amendment due process rights to protect these intangible properties came slowly.

One of the first to recognize that due process rights would have to be expanded to protect government benefits was Charles Reich.

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He observed, in his *Yale Law Journal* article "The New Property," that everyone in the nation had some substantial relationships with government in which government was holding all or most of the cards. He wrote:

> Government is a gigantic syphon. It draws in revenue and power, and pours forth wealth, money, benefits, services, contracts, franchises, and licenses. Government has always had this function but while in early times it was minor, today's distribution of largesse is on a vast, imperial scale.[2]

According to Reich, we had all come to expect and depend upon various kinds of benefits and services from government, and when we were unfairly deprived of these benefits or services by arbitrary action, it was just as damaging to us as if the government had seized our land or attacked our bank account. Reich proposed, quite simply, to expand the legal definition of "property" to include all expectations and aspects of unimpeded personal activity that related to action by government.

But what are "due process rights" to government benefits? Due process, after all, can have many components: the right of timely notice, the right of counsel, the right to call witnesses, the right to see the evidence against one, the right to confrontation or cross-examination of witnesses, the right to a written record, the right to appeal, the right to an impartial judge, and the right to a fair and reasonable venue. The central question, of course—as U.S. Court of Appeals Judge Henry Friendly has observed—is not so much whether individuals are entitled to due process, but *how many* and *which* of these specific rights must be accorded and to whom, and under what circumstances.

The role of the courts

The due process revolution affecting government benefits is scarcely 15 years old. It can fairly be dated to the Supreme Court's decision in *Goldberg* v. *Kelly* (1970).

The state of New York had determined that Mrs. Kelly, who had been on welfare, was no longer eligible. She said they were wrong. The state stopped her benefits and told her that if she disagreed with this decision she had the right to a full, formal hearing on the facts of her case—later. But the Supreme Court said that her eligibility for welfare payments was a property right, and that no payments could be withheld until she had received due process of law.

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[2] Charles Reich, "The New Property," *Yale Law Journal*, vol. 73, pp. 733-787.

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This meant that the state had to give her the opportunity to a full hearing *before* they cut off her benefits, not *after*.

In a sense, the *Goldberg* ruling was very narrow. The court said nothing about the adequacy of the procedure New York provided for those whose welfare payments were terminated; rather, it said only that the state could not stop Mrs. Kelly's payments until after she had had an opportunity to take advantage of that procedure. Narrow as it was, however, even this holding could substantially increase administrative burdens. Moreover, it could do so without providing guidance to states, which might find the burdens and costs of providing due process staggering. The late Justice Hugo Black recognized as much and noted in his dissent to *Goldberg* that "these ever-changing lists [of those who receive some forms of state or welfare assistance] put a constant administrative burden on government, and it certainly could not have reasonably anticipated that this burden would include the additional procedural expense imposed by the Court today."

Goldberg was followed by many similar decisions. Their effects on the operations of agencies and on the task of serving clients were soon reviewed.

One critic was Jerry Mashaw, who pointed out that an overzealous approach to due process might easily have deleterious effects on the treatment provided by state agencies.[3] As a result, he argued, due-process protections would favor not the neediest but only the most aggressive of recipients.

Mashaw observed that due process was best guaranteed to recipients of state benefits by the hiring of better-caliber professional employees, by reducing case loads, and by other general improvements in the structure of social welfare programs. To force such agencies to take a more and more defensive stance toward their clients was to reduce their abilities and incentives to be supportive, while further limiting their resources to do the job they were in business to do. Slapping more and more procedural requirements on administration had little or no effect on ultimate fairness. Mashaw argued that recipients were most likely to receive genuine "due process," that is, careful and unbiased review of the facts according to acceptable, humane standards, when agency officials were truly dedicated to serving their clients. In the absence of such dedication, no manner of formal due process mechanisms could do anything to improve conditions.

[3] Jerry Mashaw, "The Management Side of Due Process," *Cornell Law Review*, vol. 59 (1974), p. 772.

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The Supreme Court and the inferior federal courts have not been impressed by this argument. As Justice Byron White said in *Stanley* v. *Illinois* (1977), which justified the placement of rather severe procedural restrictions on state-administered adoption proceedings:

> While difficulties might result from this opinion, the Constitution recognizes higher values than efficiency and speed. Indeed, the due process clause was designed to protect the fragile values of a vulnerable citizenry from the overbearing concern for efficiency that may characterize praiseworthy government officials no less and perhaps even more than mediocre ones.

The effect of this rhetoric on social services over the past decade or two has been like that of a wrecking ball. The *Stanley* decision, by requiring adoption agencies to attempt to locate and involve fathers of illegitimate children in adoption proceedings, has greatly drawn out the adoption process in some states, to the serious detriment of the children and families involved.

Similarly, in the area of juvenile court proceedings, Supreme Court and lower court decisions have changed what was once a flexible, protective, rehabilitation-oriented process into a sterile, rigid, and highly adversarial system that reproduces all the worst features of the adult criminal justice system—hardly an admirable model—in the name of due process for young offenders. The case of *In re Gault* (1967) declared that the Bill of Rights applied to minors as well as to adults and ordered that the full panoply of criminal court justice safeguards available to adults be imposed on the juvenile justice system. (In the words of Judge James Lincoln, presiding judge of the Detroit Juvenile Courts and head of the Juvenile Court Judges Association of the United States, "in the course of his opinion Justice Fortas took a ball bat and virtually clubbed the Juvenile Court out of existence.")

In the field of public housing, a series of court decisions in the 1970s robbed housing administrators of practically all discretion in the selection, management, and eviction of tenants by requiring strict guidelines for tenant selection, and elaborate, time-consuming adversary proceedings for evictions. The court's zeal in protecting the constitutional rights of potential new tenants and potential ex-tenants was admirable, but the burden of these decisions falls on other tenants and applicants—the great majority of public housing tenants and would-be tenants who followed the rules, did not commit crimes, and sought only a decent place to live. Formalizing the rules for evicting public housing tenants means that the process becomes much slower, more complicated, and expensive: As a result,

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even conscientious housing officials are more likely to avoid entering into eviction proceedings, and disruptive tenants can remain in place, forcing their law-abiding neighbors to move and causing idealistic and exemplary management employees to leave in frustration. Certainly the plight of families receiving public assistance in many states is as bad as it was pre-*Goldberg*. Real assistance standards are lower (in terms of current price levels), and terminations of benefits have been more ruthless than ever with only a minuscule number of appeals along the lines of *Goldberg*. Sadly, a decade and a half of due process vigilance has not made life better for the recipients of government largesse. In fact, it can be argued that the insistence on "due process at any cost" has perhaps made things worse.

Goldberg's other progeny

Similarly, in public school administration, the imposition of due process requirements for suspensions and other disciplinary proceedings has made it more difficult for school administrators to defuse potentially destructive situations; the Supreme Court has ruled, for example, that even a 10-day suspension, imposed for the purpose of heading off imminent large-scale racial disturbances, was impermissible unless the students involved were given administrative hearings first (*Goss* v. *Lopez*, 1975).

Even state penitentiaries must provide a full array of due process rights to their prisoners in a great many circumstances, as a result of a long series of prisoners' rights cases in the Supreme Court. In *Vitek* v. *Jones* (1980), the court ruled that a prison administrator could not send an inmate to a state mental hospital for treatment without a formal adversarial hearing—even though the inmate had set fire to his mattress three times and was deemed by the consulting psychiatrist to be an imminent risk to the lives and safety of his fellow inmates. (This case illustrates particularly the conflict between psychiatrists and lawyers that Willard Gaylin describes ironically in *Doing Good*: "I fully understand the impulse of the adversarial movement to substitute for the hardnosed, belligerent, and tough minded psychiatrist, the attention of the gently, understanding, and empathetic lawyer.")

The court during the past few years has continued to favor the extension of civil rights over good social work practice. *Santosky* v. *Kramer* (1982), for example, involved an upstate New York family which had a history of child neglect. The local social services agency had taken three of the children into custody (one only three days after he was born) out of fear that they might be harmed or

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endangered. The state eventually instituted "permanent neglect" proceedings against the parents, a necessary first step toward placing the young children for adoption. In New York, permanent neglect proceedings are extremely elaborate, much like a formal criminal trial; indeed, as the Supreme Court admitted, they are far more elaborate in most respects than the Constitution would seem to require. Yet the high court found after a detailed examination of the procedure required under the law that, despite the extensive social investigation conducted, the quantum of proof required by state law, which called for a preponderance of evidence rather than clear and convincing evidence, was too minimal to meet due process standards in taking children away from parents.

As a result of that decision, the determination of permanent neglect was overturned and the Santosky children remained unavailable for adoption. The Supreme Court's decision had nothing to do with the actual evidence presented against the Santoskys. The decision was concerned only with the weight of the evidence that might have been sufficient under state law, and whether that hypothetical level met constitutional standards. What actually took place at the Santoskys' hearing was considered irrelevant to the technical due process issue in controversy. The Constitution was thus vindicated. Under the banner of the "due process" clause the Santoskys, who have had, at last count, three of their five children removed to foster care, retain their formal designation as parents of Tina, John III, and Jed. The three children, who have been in foster care for nine years, will not be freed for adoption unless the state modifies its termination hearing policies and Ulster county reinstitutes permanent neglect proceedings against the parents. Jed is nine years old now and has lived with his natural parents for only the first three days of his life. As Justice Rehnquist in the Supreme Court said for the minority, "it is inconceivable to me that these procedures were unfair to petitioners. Only by its obsessive focus on the standard of proof and its almost complete disregard of the facts of the case could the majority find otherwise."

There have been inconsistent decisions in recent years, but the Santosky case is not unrepresentative of the federal courts' heightened sensitivity to real or imagined abuse of due process rights.

Preserving the essence of due process

The command of the due process clause remains clear, expressing one of the oldest ideas of liberty. And it does not stretch logic to say that Mrs. Kelly had a "property" interest in her legitimate expecta-

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tion of welfare benefits, or that those accused of being juvenile offenders or neglectful parents have similar interests that ought not to be unfairly taken from them by government. For expressing that idea and for attempting to make it available to millions of previously voiceless and powerless possessors of the "new property," the courts should be applauded. Yet substantial problems have arisen because of the implementation of that idea, and because the federal and state courts and public agencies (and even quasi-public agencies like universities or subsidized housing agencies, or hospitals receiving public monies) have interpreted the idea of due process in a manner that often hamstrings administration and does little or nothing to help the individuals involved.

No one argues that every single deprivation of property requires, for example, a full, formal, trial-type hearing. But if not, which elements can be detached without sacrificing the very idea of due process? The Supreme Court's answer to this question has varied greatly from case to case.

The only reliable and consistent principle found in most of the post-1970 due-process decisions was summarized by Justice White in one of many prisoners' rights cases, *Wolff* v. *McDonnell* (1979). "Some kind of hearing is required at some time before a person is finally deprived of his property interests." That phrase was echoed in case after case, but the Court—unable to reconcile the leanings of individual Justices in certain cases or toward certain procedural devices—has been unable to adduce any other principles intrinsic to due process.

One who undertook to do exactly this was Judge Henry Friendly. Friendly took the phrase, "some kind of a hearing," and in 1975 made it the title of a practical and constructive piece of legal scholarship. In it, he simply enumerated all the elements of the traditional American adversarial model of legal fact-finding, and ranked them according to his own determination of importance. Like Justice White, he felt that "some kind of a hearing" was the most likely and reasonable starting point for assuring due process; and, accepting the adversarial model, he analyzed what ends the due process hearing was supposed to achieve and how successful or unsuccessful the different elements of that model were in furthering these ends. Finally, he began to set up a rough scale of state deprivation of property or liberty, and asked how many of the due process elements were required for each.

Friendly decided that three components were "fundamental" to any fair hearing: an unbiased judge; notice of the proposed action

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and reasons for it; and some chance for the individual to show why the action should not be taken. In more serious situations there might be added the right to call witnesses; to know the evidence against oneself; and to have the decision based on the evidence. While cross-examination—a hallmark of the American adversarial model—seems by its nature a separate sort of right, it is, as Judge Friendly acknowledged, the most time-consuming, tedious, and often least productive part of the model. Likewise (and as Justice White noted in *Wolff* v. *McDonnell*), there are times and places where cross-examination is just not possible. Additional factors may be necessary in the most serious situations, Friendly continued, including the right to counsel (about which the Supreme Court continues to be ambiguous); the right to a record and statement of reasons for the decision; public attendance; and judicial review.

Friendly's purpose was a purely practical one. He was attempting to rescue the Supreme Court and give it a sane framework so that it could actually adapt quickly and easily. He used as his starting point the dictum in *Cafeteria Workers* v. *McElroy* (1961) that the degree of due process granted to any individual varies according to the relative gravity of individual versus state interests in that deprivation. Friendly contended that there was a sliding scale of rights that would apply differently in cases of varying seriousness. The difficulty, of course, occurs in the application, even as it does in *Cafeteria Workers* v. *McElroy*, which elicited dissenting opinions on the facts presented.

What Judge Friendly had recognized was that many of the elements of traditional American-style due process are in some respects counterproductive to the ultimate goal of reaching a decision that is as fair as possible with respect to both the individual and society. As the English judge Lord Loreburn said in 1911,

> I need not add that courts must act in good faith and listen to both sides, for that is a duty to anyone who decides anything. But I do not think they are bound to treat such a question as though it were sacred. They can obtain information, though it is best always to give a fair opportunity for relevant statements to those who are parties in the controversy. A hearing in essence demands that he who is entitled to it, shall have the right to support his allegations by arguments, however brief, and if need be, by proof, however informal.

The problems involved in the confrontation of witnesses and cross-examination, as discussed in *Wolff* v. *McDonnell*, are rarely mentioned in the public housing cases or school cases where they are equally important. *Wolff* v. *McDonnell* raises the issue of whether

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or not the prisoner shall be able to question his accusers, guards, and other prisoners. The court makes the point that allowing for too much legalism and too much confrontation in the hearing can disrupt the institution as well as endanger other prisoners. Certainly this is also true about public housing, where the main problem in eviction cases involves tenants who do not want to talk about their neighbors for fear of reprisals.

Judge Marvin Frankel observed ten years ago that it is a fallacy to view all these procedral devices as intended solely to elicit truth. He pointed out that in fact lawyers use many of these procedural devices to keep information away from the fact-finder. Frankel noted that one of the major flaws of the adversarial process is that seeking the truth is not, in fact, the principal goal of parties in an American-style adversary hearing.

It is of no little interest that both Judge Friendly and Judge Frankel—considered among the best of both the appellate and trial benches—expressed admiration for the speedier, more informal, more flexible style of hearings common to European countries (unfortunately referred to in this country as the "inquisitorial" system), and somewhat wistfully expressed the hope that such methods might be tried here. Both Frankel and Friendly quote extensively from the work of Professor Bernard Schwartz and H.W.R. Wade, who advised that English lawyers should study American procedures in order to avoid the problems of cumbersome rigidity and potential for error in our system. To quote Lord Diplock's introduction to Schwartz and Wade: "The main value of such a study is to observe the horrible American examples of over-judicialization of administrative procedures and undue extension of judicial review and to learn not to do likewise."

Benefiting from the European example

As Schwartz and Wade and others have observed, the English system (and most other European systems) of administrative law place little emphasis on adversarial methods. Rather, administrative hearings in social welfare settings are usually conducted by a lay judge, rather than a lawyer; and neither the government nor the individual is represented by counsel. Such a system is made possible by the ability of the English magistrate (as in many other countries) to be the most active participant in the hearing. It is he rather than the parties who conducts examination of witnesses and brings forth the evidence, eliminating the need for awkward rules of evidence or the cumbersome process of examination and cross-examination.

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Perhaps the most notable difference between the American and English administrative processes is the dominant role played in the former by the legal profession. The use of laymen without legal representation as adjudicators, a practice that obtains in a number of British tribunals, is practically unknown in the United States. Even more important is the absence in America of a tradition of lay magistracy and lay tribunals such as that so firmly ingrained in British law.

By keeping their fact-finding system non-adversarial, European administrative hearings avoid the necessity of having lawyers play a dominant role in fact-finding and the resolution of disputes. An important reason for the growth in the complexity and rigidity of American due process hearings has been the activism of lawyers, particularly those in public interest organizations. Public interest lawyers have contributed much to protecting and defending the interests of those who would otherwise have no access to the legal system at all. But in the case of administrative due process they have, with the best of intentions, played a major role in creating an adjudicatory system so complicated and cumbersome that too often nobody benefits from its supposed protections.

Charles Reich once wrote, in an article subsequent to "The New Property," of the "desperate need for more lawyers" to help defend helpless citizens. Less than a decade later, an unsigned note in the *Harvard Law Review* would express a very different attitude toward public-interest lawyers:

> The fact that these public interest lawyers often themselves select the interest to be represented provides another difficulty because the lawyer is not subject to any mechanism of accountability to insure his loyalty to scattered individuals whose interest he purportedly represents. Since there is no ready mechanism for establishing what is the preponderant interest of the day there is a danger that the lawyer will not advocate the interests of the greater class of the broad constituency supposedly represented, but rather his own perception of those of a few active members of that constituency. Public interest lawyers representing unorganized interests—and many of the cases are unorganized—have a marked personal preference for formal processes of decision including judicial review because a considerable portion of the psychological reward they receive for their work may depend upon a high visibility of their efforts and because dramatic court victories may assist fund-raising efforts.

The observation that public interest lawyers prefer formal procedures is accurate: That is the milieu in which they are educated and the environment in which they operate. As Harvard President Derek Bok recently observed, lawyers are trained "more for conflict than

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for the gentler arts of reconciliation and accomodation." Of course, such training is understandable, since these ideas of conflict and argument are central to the adversarial system—the faith that two enemies slugging it out before a passive observer is the best method of producing correct decisions. Perhaps in traditional civil or criminal litigation that faith is justified. In a typical case involving the provision or denial of benefits from an administrative social welfare agency, however, the pressure of counsel often seems to have the effect of converting an administrative hearing from a convocation of persons with the same general concerns into a formalized war of words and procedures, where neither judge nor prosecutor has any incentive, nor is even permitted, to help the defendant or be interested in his welfare. (Indeed, a lawyer's affection for formalized procedure appears to begin early. Last year, when hundreds of students at Harvard Law School turned out to protest a minor new rule about grades, they were heard chanting "*Goldberg* v. *Kelly*"—meaning, of course, that the rule had been instated with insufficient regard for due process.)

When one compares the due process analysis of Judge Friendly with that of Schwartz and Wade, it becomes increasingly clear that the only necessary element of genuine due process in any individual case may be the presence of a tribunal which is unbiased and which has access to all the relevant information. The additional elements outlined by Judge Friendly, once the European model is examined, are revealed as little more than artificial devices to make up for the fact that the American judge or hearing officer is crippled by his passivity, by statute, or by tradition.

In Europe, by contrast, the hearing officer must produce his own evidence, ask his own questions, and call his own witnesses. The advocates present on either side are there merely to ensure that the hearing examiner does his own job fully and adequately, since he and he alone is responsible for finding all evidence and reaching a rational and justified result. The procedure is quite informal, resembling a discussion among parties all interested in obtaining truth and reaching accurate decisions. It is viewed as inappropriate to consider the parties in such administrative cases as adversaries at war with each other.

Such an approach seems ideally suited for public housing authorities, child welfare agencies, state adoption agencies, juvenile courts, and other agencies whose principal role is to be supportive of the people they are being paid to help, rather than being forced into the role of adversaries to the recipients of their benefits.

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The key element in such a system would be a corps of truly independent examiners charged with reviewing each case of proposed termination of benefits. Such a group of examiners (they need not be lawyers—indeed it would be better if they were not) might well minimize the number of erroneous agency deprivations, and at substantially less cost, since the number of formal trial-type hearings would be reduced greatly.

American adaptations

There are several promising experiments in flexible, speedy, delawyerized community justice now being carried out across the country. One of the oldest such programs is the Rochester (N.Y.) Center for Dispute Settlement, now in active operation for more than a decade. The center's emphasis is on settlement of problems through mediation and arbitration, in a non-adversarial setting, and it has been successful in doing so in many kinds of social service settings. For example, under a contract with the Rochester Housing Authority, the center has established a grievance procedure for public housing tenants. When disputes arise, tenants can take their complaints to an informal grievance program. If informal mediation fails to resolve the problem, the matter can be taken to a three-member arbitration panel. A measure of the program's success is that since 1981, 37 such hearings have been held with agreement reached. In eight of these, evictions have been agreed upon, and only two of those were appealed to the state courts; in both cases the agreements have been upheld.

A similar approach is taken by the Community Boards program in San Francisco. Started six years ago by attorney Raymond Shonholtz, the program follows European patterns by using citizen volunteers to hear, in an informal atmosphere, both criminal and civil complaints that have not already gone into the standard criminal or civil justice system. The program emphasizes small interpersonal disputes, but has handled landlord-tenant problems of all kinds. The community board program reports that about 85 percent of all the agreements arrived at are honored by the parties without futher problems or resort to the court system—and in the past two years the 20 boards have heard more cases than the city's Municipal Court.

In the area of social service, the New York City Housing Authority has had remarkable success with its six-year-old Application Review Board, which provides an informal review for applicants who are turned down for public housing. The board, composed of three housing authority officials from departments not connected

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with tenant selection, hears the complaints of those who think their applications were unfairly rejected. This is no small task. The New York City Housing Authority receives 29,000 applications for housing each year, of which 6,000 are rejected for a variety of reasons. All those who are rejected are given an opportunity to appeal the decision to the Application Review Board, and in 1983 a total of 911 rejected applications were reviewed by the board. Of those reviewed, 240 decisions were reversed, 240 were upheld, and the rest were remanded to the authority's tenant selection department for further study. Those who are ultimately rejected by the board may, of course, take their cases to the state courts—but officials report that only a very small percentage of board-rejected applicants ever do so.

The housing authority's board is far from being a rubber-stamp for the bureaucracy's decisions, and board chairman Arthur Wohl is universally admired as a hard-working, fair, and sympathetic adjudicator. The review board's efficiency is shown by the fact that the average turnover time for each appeal board case—from the time the review request is filed to the completion of the board's decision and disposition of the case—is only 60 days.

How to rescue due process

That such local experiments can work successfully in varied and difficult settings is strong support for the idea that informal, flexible, de-lawyerized administrative adjudication could be adopted broadly in settling the disputes, large and small, that arise out of social service programs and other public agencies.

Such a corps of European-style "investigatory" judges might well be useful in almost every sort of administrative mass justice category—from school discipline to public housing to welfare payments—that is now handled under the complicated, confusing, and counter-productive guidelines for due process set up by the Supreme Court. Such a system could eliminate the need for constant multi-year litigation over such fine points as the theoretical burden of proof in a parental termination of rights hearing (*Santosky*) or the right of a school teacher to spank a student (*Ingraham* v. *Wright*, 1977).

In addition, a uniformly simple, quick, and informal system of examiners might well increase access to due process (while decreasing its burden on government agencies) in many ways: first, by materially increasing the chances that every individual case, no matter how small, can be accurately and fairly decided more proximately to the moment of deprivation; second, by preserving a sim-

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ple record of evidence and judgment on which later appeal tribunals, if necessary, could confidently rely; third, by reducing the cost in time and money to government agencies for the conduct of due process hearings, thereby reducing disincentives to those agencies to provide hearings; and fourth, by providing a standard of uniformity and consistency—altogether lacking in the past decade—so that agencies and individuals alike will be more likely to know what their course of behavior ought to be, in advance of the need for a hearing.

While such a proposal may sound unrealistic, there are in fact precedents for it. At the turn of the last century many legal scholars despaired over the bewildering chaos of differing state laws and settled precedents in such areas as commercial contracts law or probate of wills; yet since that time the Uniform Commercial Code, the Uniform Probate Code, and many similar attempts at making specific categories of law unified and rational have had an immensely beneficial effect on the resolution of such legal disputes. It is not unrealistic at all to believe that an organization such as the American Law Institute, or perhaps an individual state, could be encouraged to develop a comprehensive new approach to due process that would achieve the goals of both efficiency and fair treatment.

We might begin by breaking down the supposed fences that exist between liberals and conservatives on the issue of due process. Instead of focusing on the Supreme Court's seemingly endless concern over whether too little or too much due process is being provided in individual cases, we should perhaps focus on the ways in which it may be provided without causing public agencies to drown under its weight. This should satisfy both the "liberal" concern with fairness and the "conservative" desire for efficiency.

"In Heaven there will be no law," observed the legal philosopher Grant Gilmore in 1974, "and the lion will lie down with the lamb . . . . In Hell there will be nothing but law, and due process will be meticulously observed." Professor Gilmore, himself a staunch advocate of the Bill of Rights, surely was not speaking of the idea of due process, but rather of the manner in which our legal system attempts to enforce it at immense pain and little gain to all parties involved. It is a manner which may debase the very idea that it seeks to uphold. That we must provide due process, the most simple and basic of our ancient liberties, to all who require it is beyond doubt; but how much better it would be if we could find a way to enforce it while striving, in Gilmore's terms, toward heaven rather than hell.

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Government Waste: Any is Too Much

J. PETER GRACE

STEVEN KELMAN'S ARTICLE ("The Grace Commission: How Much Waste in Government?" Winter 1985) was based upon a two-page press release issued in January 1984 when the final report of the President's Private Sector Survey on Cost Control (PPSS) was delivered to the President. Mr. Kelman concludes from his research that waste in government was greatly exaggerated by PPSS; therefore, cutting waste cannot substantially reduce the deficit.

However, a review of Mr. Kelman's limited analysis reveals both factual and conceptual errors which invalidate his conclusions. Though PPSS went to great lengths to ensure the accuracy of our reports, we cannot deny the potential for errors in the more than 21,000 pages of documents that were published, nor in the 1.5 million pages of material used during the research for those reports. However, despite this qualification, the inescapable fact is that waste and inefficiency do exist in government, and exist on a massive scale.

In the conclusion of his article, Mr. Kelman states that inefficiencies in government do not result from the "incompetence and venality" of federal employees, thus implying that this was a PPSS finding. It was apparently not important to Mr. Kelman that federal employees were never blamed by PPSS for inefficiencies and were, more often than not, praised for their dedication and performance under the constraints of a seriously flawed system.

After building this straw man, and then mercilessly knocking it down, Mr. Kelman declares a victory over the myth of waste in government.

To correct any problems that may exist, Mr. Kelman offers some general recommendations which would undoubtedly benefit any large organization. For the record, all of the curatives prescribed by

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Mr. Kelman were similarly identified in specific and general cases in the various PPSS reports. Curiously, this does not come across in his article.

For whatever reason, Mr. Kelman has attempted to soothe the conscience of Congress by reassuring it that waste and inefficiency in government are not major contributors to the deficit. Of course, this assumes that any excess can be legitimized simply by calling it "policy." Carrying this designation, waste and inefficiency are considered by Mr. Kelman to be immune from review or correction.

For example, the press release on which Mr. Kelman based his research included ten examples that were labeled "bureaucratic absurdities." Mr. Kelman did not discuss four of these ten examples because he considers them "policy" rather than bureaucratic absurdity. Looking at these four items, Mr. Kelman obviously does not find it absurd that:

- Congress prohibits competitive bidding for Defense department shipments of household goods between the mainland and Alaska and Hawaii, even though such competition could save taxpayers $70 million over three years.
- Congress obstructs the closing of military bases that even the Defense department finds unnecessary, including one in Virginia that is surrounded by a moat.
- Congress prevents the replacement of post offices that serve less than 100 customers with equal but less costly alternatives.
- 70 percent of the borrowers from the Farmers Home Administration are not farmers.

In the PPSS review, waste and inefficiency, whether resulting from accident or design, were addressed.

AMONG the "horror stories" which Mr. Kelman did discuss were the following:

(1) *The Pentagon has been buying screws, available in any hardware store for 3 cents, for $91 each.*

Mr. Kelman states:

> . . . it turns out that the Defense Department has not negligently allowed itself to be hoodwinked. Most of these cases have a common explanation, which involves an accounting quirk in pricing material purchased from contractors . . .
>
> Often in the past, contractors have, simply as a matter of accounting convenience, allocated the overhead to the individual parts on an 'item' basis rather than a 'value' basis.

Mr. Kelman appears to have accepted, without further investigation, the conventional wisdom that explains away gross overcharges by chalking them up to overhead allocations. In this story it is the contractor's accounting system that plays the role of the villain, since it allocates overhead equally to all units in a shipment regardless of relative value. However, no such allocation system exists, and

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if it did, it would be contrary to stated DOD regulations, and therefore, illegal. Mr. Kelman uses a hypothetical example to illustrate his system, because real examples cannot be found. The real explanation for these astronomical prices is simply that the DOD and the taxpayers are being abused. Prices are high because the Defense department rarely questions what it is charged.

For example, Thomas Amlie, Defense Department Assistant for Technical Systems, has found that most contractor labor charges fall in the range of $150-$300 per standard labor hour, with some as high as $3,405 per hour. By comparison, private sector companies generally pay $30-$35 per standard labor hour for machine shop work and $20-$25 per hour for electronics manufacturing. Thus, if three hammers are assembled in an hour by a defense contractor, the allocated labor cost at $300 per hour will be $100 per hammer (under similar circumstances, the cost to a private sector purchaser would be $7-$12 per hammer).

While this may appear as a nightmare to the taxpayer, it is Mr. Kelman's view that ". . . nothing horrible has occurred. The total overhead represents real resources legitimately charged to the government."

The problem inherent in defense procurement is that actual costs are assumed to be reasonable costs, regardless of how unreasonable they may appear broken down item by item. But getting such detailed cost information is very difficult. For obvious reasons, contractors are not willing to make this information available; and DOD's program managers rarely pursue this information aggressively.

A program manager is eligible for retirement with immediate unreduced pensions after 20 years of service. He may supplement his retirement income by working for the contractor for whom he had oversight responsibility as a program manager—apparently a common occurrence, considering that 799 retired military officers were hired by the top ten defense contractors in 1982 alone. It is interesting to contrast this situation with that of France—the world's third largest arms exporter and arguably the most efficient—where it is against the law for program managers to work with companies for which they had oversight responsibility within the previous five years.

Moreover, the incentives for "playing by the rules" of DOD procurement are hard to resist. And even if one were to resist and blow the whistle on waste, the general perception is that such a course of action is likely to be met by harassment from higher levels of management. A 1983 survey by the Merit Systems Protection Board, for example, revealed that 69 percent of federal workers were exposed to waste but did not report it for fear of retribution.

It is quite unclear why Mr. Kelman chooses to support this system. Mr. Kelman finds only one problem with his mythical cost allocation system: "There is one mildly distressing aspect of this

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practice. The spreading of overhead costs over a contractor's entire production appears to reduce the up-front costs of new weapons systems, since research and development for the weapon is charged to spare parts as well."

Again, Mr. Kelman is not correct. Research and development are done under separate contracts, using different appropriations. Charging research and development to a production contract is illegal.

THE NEXT ITEM reviewed by Mr. Kelman was as follows:

(2) *In comparison to a private sector company, managing comparable building space, the General Services Administration employs 17 times as many people and spends almost 14 times as much on total management costs.*

In this case, Mr. Kelman asserts that our background information exaggerated the relative inefficiency of the General Services Administration (GSA) compared to the private sector. We compared the two in order to highlight the need for careful management of the government's facilities. Obviously, duplication of responsibilities and functions and numerous rules, regulations, and laws inhibit the government from carrying out its tasks effectively. Mr. Kelman does not address this issue, nor does he explain whether the PPSS recommendations are good or bad.

Mr. Kelman met with GSA officials on March 26, 1984, and was told that the comparison he was working on had *no* bearing whatsoever on the merits of the recommendations or the estimate of savings. He was also told by GSA that they found the Grace Commission recommendations on this issue sound and were in the process of implementing them. Thomas J. Simon, Director of the Office of Program Initiatives at GSA, who met with Mr. Kelman on March 26, states that Mr. Kelman's failure to mention his discussions with GSA "does a grave disservice to the Grace Commission, GSA, and most importantly, the American taxpayer." Overall, the 76 recommendations from the Grace Commission which concern GSA, and which they are implementing, could save the taxpayers $6.4 billion over three years.

Mr. Kelman does mention that "GSA officials would themselves concede that they probably have a larger staff for comparable functions than a private-sector counterpart" and says that ". . . it is difficult to play around with these figures to arrive at a genuine comparison." We leave it to Mr. Kelman to "play around with the figures." We choose instead to work toward correcting the problem.

Concerning the Veterans Administration, Mr. Kelman questions the following comparison:

(3) *The VA spends $61,250 per bed to construct nursing homes—almost four times the $16,000 per bed cost of a major private sector nursing home operator.*

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Mr. Kelman states:

> The Grace Commission averaged the cost of six VA nursing homes, and the average was raised dramatically by the reported $113,500 per bed cost of construction of a home in Martinsburg, West Virginia. This nursing home was being built simultaneously with a VA hospital adjacent to it, and the cost the Grace Commission reported included construction costs for a domiciliary that was part of the whole medical center, as well as site preparation and utilities for the entire complex. The actual cost for the nursing home at that site was $29,000 per bed, bringing the average cost per bed for the six facilities down from $61,000 to $47,000. Furthermore, the cost of three of the other VA homes was raised significantly because of unfavorable site conditions (such as confined space for construction, requiring off-site warehousing of materials). Site conditions were unfavorable because the nursing home was being built contiguous to an already existing VA hospital, pursuant to VA policy. The average cost of the three hospitals built under normal site conditions was $39,000 a bed.

To derive the nursing home cost comparison, PPSS used average costs for six VA nursing homes, two constructed in 1980 and four in 1981. The private sector average was derived from two nursing homes in 1981, and three in 1982. Since the two lowest cost (per bed) VA nursing homes were constructed in 1980 and the three most expensive private nursing homes were constructed in 1982, a more equitable VA/private sector comparison would be between the four VA and two private sector nursing homes constructed in 1981. The cost comparison ($54,025 per bed for VA versus $13,093 in the private sector) shows VA costs 4.1 times as great. The Martinsburg nursing home, constructed in 1980, is *excluded* from this comparison.

Mr. Kelman continues:

> . . . various quality differences increase the cost of a VA nursing home relative to a private one. The most obvious differences involve the physical designs. VA facilities have been top-of-the-line. Homes have routinely included balconies in each room, occupational therapy areas, quiet rooms, extensive recreation space, and on-premises artwork. The VA policy of building homes contiguous to VA hospitals rather than freestanding, as the private company Beverly does is also quality-driven: it provides nursing home residents quick access to hospital services and allows rapid treatment of medical emergencies. . . . Is it worthwhile to produce such a high level of quality? That is a matter of debate. But it is not an issue of waste as the term is typically used.

Mr. Kelman is wrong; the debate concerns waste, not policy. Private nursing home operators are as concerned as the VA about access to medical facilities in case of emergencies. And most private nursing home facilities are adequate, although they could not be termed luxurious. The private sector has to consider cost and affordability in constructing nursing homes, and has to trade "wants" against available funds. The VA is under no similar constraint.

Decisions to locate VA nursing homes near VA hospitals are not based on cost analyses or even on medical necessity. (Nursing homes, after all, treat patients with long-term illnesses, usually not requir-

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ing immediate medical care.) The decision is a political one, with taxpayers compensating for the VA's inattention to cost. Further, PPSS recommendations make the argument over access to medical care moot. PPSS recommended that underutilized VA hospital beds be converted to nursing beds. Thus medical care would always be immediately available—though VA nursing home patients would probably have to forego balconies, artwork, and other amenities.

Mr. Kelman points out that in 1981 the high cost of constructing VA nursing homes became a subject of debate:

> In 1981 the VA established a task force on nursing home construction cost reduction, after private nursing home chains had called the cost differences to the attention of Congressional oversight committees. The task force proposed a number of design changes that will reduce the cost of new VA nursing homes by about $12,000 per bed.

The VA did not act until Congress pressured it to do so. And Congress, in turn, did not act until private companies brought the cost differences to its attention. PPSS, and even Mr. Kelman have called attention to a VA system so bureaucratic that only external pressure will reduce its costs. The tremendous waste which accumulated in the VA program is reflected, for example, in the fact—which Mr. Kelman himself cites—that $12,000 in construction costs per bed can be saved without reducing services. In a 120-bed facility, these savings would amount to $1.4 million. Yet Mr. Kelman seems to deny that PPSS should rouse the VA from its bureaucratic slumber.

MR. KELMAN ATTRIBUTES any residual cost difference to policy rather than waste. If one labels something as "policy," it seems, one does not have to answer questions like: Why can't VA nursing homes be constructed a mile or two away from VA hospitals to avoid unfavorable site condition costs of $8,000 per bed? Why do VA patients need balconies, nine foot ceilings, and expensive artwork and landscaping? What management mechanisms has VA established to control costs? What responsibility does Congress have to ensure that the taxpayers' money is wisely spent?

Mr. Kelman did not bother to look at what PPSS recommended regarding VA nursing home construction. PPSS recommended that the VA convert underutilized hospital beds to nursing home beds; that where necessary, the VA hire private companies to design, build, and operate nursing homes; and that the VA Office of Construction improve its management policies, procedures, organization, and staffing, and introduce incentives to reward cost-efficient performance.

If these recommendations were acted upon, VA nursing home residents in existing medical facilities would get optimal care at no added cost (and substantial savings). Further, incentives would be established to limit costs, within a cost-conscious organization. These recommendations are consistent with Mr. Kelman's and the VA's concerns over adequate care, good facilities, and efficient procurement.

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Mr. Kelman attacks other PPSS findings regarding the VA as follows:

> Perhaps the most dramatic was that it costs the VA $140 to process a claim for hospital coverage, compared to $3-$6 for private-sector insurance companies. This is wildly inaccurate. The Grace Commission listed the General Accounting Office as its source, but the GAO denies ever having made such a calculation. Dividing the total number of claims the VA processes by the dollar cost of claim processing expenditure yields a cost of $5-$7 per claim.

In February 1982, the VA analyzed its administrative costs to process bills for health care services provided veterans at private community hospitals. Costs to process each bill were estimated at $109 for FY 1980.

During the 1980-1983 period, medical costs increased by 34.4 percent. Thus, the $109 processing cost calculated by the VA for 1980 yields a cost of $147 in 1983. The $140 cost is described by PPSS as an estimate, and it conforms to an updated estimate of VA costs, per the VA's own study. Mr. Kelman is incorrect in calling the PPSS statistic "wildly inaccurate."

Mr. Kelman continues:

> The other Commission criticism involved the method of storage for supplies procured through national contracts. Since the 1940s, the VA has operated central warehouses to supply individual hospitals. Products are delivered directly to warehouses and transported to individual hospitals as they are ordered. Advances in distribution technology, the Commission stated, have made warehouses uneconomical; proprietary hospital chains, the report said, have rejected warehousing.
>
> The VA presents different figures. It claims that running the warehouses adds only 15 percent to costs, not the 30 percent that the Grace Commission claimed. The VA claims that this 15 percent cost is more than made up by the lower prices that suppliers offer for single-point delivery to warehouses rather than multiple-point delivery to individual hospitals. They point to several studies by the General Accounting Office and the VA Inspector-General supporting the cost-effectiveness of the depots.
>
> Top management at the VA, itself unsure, has now commissioned an outside consultant to study the warehouses.

Perhaps the most amazing statement in Mr. Kelman's argument is that "the VA, itself unsure, has now commissioned an outside consultant to study the warehouses."

The "horror story" regarding VA purchases of medical supplies is not only excessive costs, but that top management does not even know if it is overpaying for supplies. It is astonishing that Mr. Kelman dismisses this chronic lack of information by commending the VA for now beginning to study the problem.

Calculations support the PPSS position that depot costs represent an overhead expense of 30 percent, not 15 percent as the VA claims. During the first nine months of 1982, the value of VA supplies sold by the depots to hospitals was $83.3 million. Depot oper-

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ating costs were $22.7 million, an overhead rate of 27.3 percent, which is much closer to a 30 percent cost to maintain the depots than to the 15 percent estimated by VA.

In addition, the depot system may encourage hospitals to carry excessive inventory. For example, to minimize transportation expense, VA depot system regulations prevent hospitals from ordering more frequently than monthly (bi-monthly in the case of some large medical centers). This inflexibility requires hospitals to carry more inventory to meet safety levels between order cycles. PPSS found, for example, that the VA hospitals hold 45 to 60 days of inventory when they should more reasonably hold the 30- to 45-day inventory held in private hospitals.

In sum, the cost of operating a depot and tying up capital in inventory is not rewarded with either efficient service or inventory reduction at hospitals. Other organizations, within both the federal government and the private sector, are satisfied that the best pricing is achieved through aggressive negotiation on national contracts. Any additional discounts that might be gained by large, one-time orders do not offset depot costs.

MR. KELMAN also looked into the following:

(4) *The government spends almost $5 billion annually on freight charges but doesn't bother to negotiate volume discounts with suppliers.*

Mr. Kelman states that the GSA had investigated automated freight traffic services in 1981, but it wasn't until 1983 before they "decided to procure one [a system], and the system they selected went on-line in March 1984." PPSS recommendations were made prior to GSA's actions to improve freight management.

In any event, the point of this example seems to be missed by Mr. Kelman. The need for better procedures for freight traffic management resulted from deregulation in 1980, which introduced competition, thereby lowering tariffs while complicating the process of selecting alternative carriers, routes, tariffs, tenders, and contracts in the industry. That the bureaucracy reacted to the situation four years later would not appear to warrant too much elation among the taxpayers.

PPSS emphasized the importance of the government taking advantage of the increased competition resulting from deregulation. More information is required regarding the expanded number of local and regional carriers, the services offered, and the rates and routes available. Therefore, coordination is necessary to improve government automation for traffic management and to take full advantage of the government's huge freight volumes, in order to manage traffic more efficiently and negotiate favorable rates.

Mr. Kelman also researched the following:

(5) *Government mailing lists erroneously repeat the same addresses as many as 29 times.*

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PPSS noted that there has been no government-wide effort to reduce the cost of unnecessary mailings by canvassing (i.e., correcting and updating) mailing lists, although individual agencies and subagencies have taken certain initiatives.

As an example of the potential savings, PPSS found that by canvassing and consolidating its mailing lists, the Office of Human Development Services (HDS) of the Department of Health and Human Services made possible immediate annual savings of $1.2 million in printing and postage costs. From 128 separate mailing lists containing 90,000 addresses, HDS developed a single list with 29,000 names after eliminating duplications, deceased persons, erroneous listings, and persons not interested in receiving HDS publications. Similarly, mailing list problems exist in other agencies. Thus, canvassing and consolidating mailing lists is possible in other Government agencies as well.

As for the seriousness of this situation, Mr. Kelman states:

> At worst, as the person in charge of the reform effort told me, an addressee appearing 29 times might receive five copies of a single publication—but only in the rare cases when a mailing went to several of the agency's *different* lists. There were certainly some examples of duplications on the same list: Although federal law requires annual canvassing of individual agency lists for duplication, compliance is mixed.

It is interesting to note that Senator Mathias, Vice Chairman of the Joint Committee on Printing, has observed that 1,084 copies of one free publication, "NASA Tech Briefs Journal," were sent to one large company, at a cost to the taxpayer of $8,672 for each new issue. In addition, 938 copies of that publication are sent to a second company and 630 are sent to a third company. Mr. Kelman's "person in charge of the reform effort" should be sure not to overlook this area.

In any event, the problem here has to do with a system which allows 300 separate mailing lists in one agency while failing to establish professional list management.

Our next claim concerns the Justice Department:

> (6) *The Justice Department just sits on the cash seized from criminals, not bothering to deposit the money in interest bearing accounts while cases are being adjudicated.*

Mr. Kelman responds:

> Traditionally, cash seized from criminals was indeed not deposited in interest-bearing accounts. 'Not bothering,' however, was not the reason. Attorneys prosecuting cases wanted the actual bills in hand to gain the dramatic impact on juries of displaying wads of ill-gotten lucre. Depositing the money would have meant losing the ability to show it to juries: all that would have been available would have been a statement in a government bank account! Furthermore, some jurisdictions require that actual bills be submitted in evidence.

The total value of assets seized in 1982 was $317 million, of which approximately 25 percent, or $79 million, was in the form of cash. The necessity of having seized bills available to obtain an

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indictment is certainly debatable, particularly in view of the foregone interest cost of $50 million over three years.

In addition, because of inadequate management systems, the Justice Department has allowed the value of non-cash assets seized —totaling $238 million in 1982—to depreciate in a range of 45 percent to 65 percent between the time of seizure and the time of disposition. Mr. Kelman notes: "The local U.S. Attorney Offices had no capability to manage seized assets while they awaited disposition . . . and no centralized management system had ever developed because there were so few seized assets." If Mr. Kelman had read the report by the PPSS Task Force on the Justice Department, he would have found the Task Force recommending that a special unit be formed within the Department to assume full responsibility for the maintenance of all assets.

MR. KELMAN ALSO NOTES that this responsibility is just now being conferred on the U.S. Marshals Service, with cash to be put into bank accounts. He describes this action as if it were happening independently of the PPSS recommendations in this area. Similarly, he fails to tell us why cash can be deposited now, whereas previously it could not. We would suggest that PPSS recommendations provided the impetus to overcome the preference of prosecuting attorneys for evidence with "dramatic impact."

Mr. Kelman also discusses the following:

(7) *HUD makes only 3 attempts to collect loans versus 24 to 36 tries in the private sector.*

Mr. Kelman's comments on PPSS findings regarding the loan collection efforts of the Department of Housing and Urban Development seem to imply that these efforts are more extensive than records indicate. For example, he notes: ". . . HUD loan collection officers generally do not make a written record of telephone calls they make to delinquents, so Grace Commission investigators looking only at the written record underestimated the number of collection tries HUD made."

This is a weak justification of HUD's collection activities. If no record is kept of collection attempts, who can say what kind of effort was made? How can anyone evaluate the performance of the individual responsible for collecting? This is typical of the information gap that is pervasive in federal operations.

Mr. Kelman adds: ". . . for the Section 312 loans that HUD makes directly, Fannie Mae (the Federal National Mortgage Association), which services the loans, engages in some mild collection activity (dunning letters but no phone calls or contacts with an employer) before passing the loans on the HUD."

PPSS concluded from its review of these operations that federal collection efforts were largely ineffectual. At the time, defaulting on money owed the government did not affect one's credit rating,

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nor did it prevent borrowing from a different federal lending agency. It was the recommendation of PPSS that government agencies be allowed to contract with private sector collection agencies to collect defaulted debts. This authority was provided in subsequent legislation, the Debt Collection Act.

From our perspective, the information provided by Mr. Kelman does nothing to detract from the necessity of our recommended changes. On the contrary, as Mr. Kelman states:

> Finally, at least for Section 312 loans, management at HUD has probably always regarded these loans as a sort of disguised social assistance program and has seen the idea of banging on the doors of poor people to get them to pay as distasteful. Loan collection efforts for the 312 program traditionally got little attention from top management.

It is not for management of HUD's loan program to decide what is a loan and what is "disguised social assistance." This decision is made by Congress. As for finding loan collection to be a "distasteful" activity, this is why debt collection agencies have evolved in the private sector. They do not find debt collection to be distasteful, they find it profitable.

In almost all cases where PPSS found the Government offering direct and guaranteed loans for similar purposes—student loans, housing loans, and so on—the guaranteed loan program administered by a private sector lender was invariably more efficient at collecting on money owed. Our government was not intended to be a lending institution (particularly when it is lending money it does not have to people who cannot afford to borrow), and Mr. Kelman's comments highlight this fact.

We can only guess as to what Mr. Kelman's motives were in writing this article. However, we do know that his comments do a grave disservice to the 77 million taxpayers of this country, who just might resent having their money wasted, whether as a result of operating inefficiencies or legislative policy.

J. Peter Grace, Chairman and Chief Executive Officer of W.R. Grace & Co., was Chairman of the President's Private Sector Survey on Cost Control.

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A reply

STEVEN KELMAN

CERTAINLY THERE EXISTS waste in government. Certainly government needs to be managed better. Certainly the idea of having businessmen examine how government could be managed better is an excellent one. And, indeed, the Grace Commission makes a number of perfectly reasonable suggestions, for which those working on the project should be commended.

Why, then, is the work of the Grace Commission as a whole such a disappointment? I think the Commission went wrong when the strategic decision was made—as reflected in early memos from Peter Grace to Commission members—to go for "horror stories" and mega-numbers in examining government management. It was a decision that produced phony and unsupportable tales.

My article included an examination of seven examples of what the Commission called "random examples of bureaucratic absurdity." I found that in none of the seven examples were the facts correctly represented by the Grace Commission. Six of the contentions contained important factual errors, and one (involving deposits of cash seized by the Justice Department), while not containing inaccuracies, left out relevant parts of the story so as to be incomplete and misleading.

The Commission's reliance on horror stories and mega-numbers damaged what could have been a valuable effort to help improve the quality of government performance. This approach, as I argued in my article, hurts rather than helps the effort to improve government management. Government agencies introduce new layers of bureaucratic clearances, detailed internal regulations, and second-guessing in reaction to such stories. These techniques focus on error-prevention so as to avoid reports of scandal, but they discourage initiative and accomplishment.

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Furthermore, the Grace approach misleads the American people about the ease with which it is possible to cut the budget deficit. And emphasizing phony numbers only serves further to undermine public confidence in the competence of those who run the institutions of our government. In a democratic society, we must never forget that the government is *our* government. The premises of the Grace report and the misleading hype which has followed it only encourage contempt for public institutions. That contempt weakens the ability of a free people to govern itself.

Mr. Grace asserts that my article "was based upon a two-page press release." As the article makes plain, I spent my time researching not a press release, but examples from the Grace Commission reports. Since it was obviously impossible for an individual researcher to examine anything like the some 2,500 recommendations the 2,000 Commission members came up with, I had to select a method for choosing which ones to examine. In order to be fair, I decided not to choose the examples myself, but rather to *let the Commission choose for me which examples to probe*. I therefore decided to research ones the Commission itself had chosen to highlight in its press release. But the press release served only as a selection device. For each example, I read the relevant material from the Commission reports.

Colleagues have noted that in fact the Grace Commission may have damaged its own case by choosing to highlight such horror stories, since odd or bizarre examples (to use the jargon of statistics, "a sample from the tail of the distribution") are more likely to turn out to be erroneous than more ordinary examples. Thus, it may be true that had I chosen a random sample from the Grace Commission reports, the results might not have been as devastating. This is, however (and I am sure my colleagues would agree), an argument against relying on horror stories the way Mr. Grace does.

I PROVIDED Mr. Grace with an advance copy of my article for *The Public Interest* several months before its publication. I was told at that time by someone associated with the Grace Commission that he was certain that Mr. Grace would look at my evidence carefully and, I was assured, hasten to correct any errors the Commission had made. Given this earlier conversation, I am disappointed by the tenor of Mr. Grace's reply. Since Mr. Grace's reply fails to make this clear, I would like to call attention to the reader of this exchange that Mr. Grace leaves unchallenged my accounts of these errors on *six of the seven examples* I discussed. Thus, Mr. Grace does not dispute my findings that:

1) It is untrue that the General Services Administration has 17 times as many people to manage the same number of buildings as a large private insurance company;

2) The comparison of nursing home costs for Veterans Administration and privately built homes contained dramatically inaccu-

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rate figures for one of the VA homes used as a basis for making the comparison;

3) It is untrue that the government fails to negotiate volume discounts for the freight it moves;

4) It is untrue that the Department of Housing and Urban Development makes only two or three attempts to collect delinquent loans, compared with 24 to 36 tries in the private sector;

5) It is untrue that the Grace Commission came across a government mailing list that repeats the same name 29 times; and

6) The Grace Commission account of the failure of the Department of Justice to deposit in the past cash seized from criminal suspects left out the facts that this was a problem that had only arisen recently in the Department, that there are arguments for not depositing cash that needed to be resolved, and that the Justice Department was proceeding to change its policy in the matter.

Mr. Grace does dispute my findings on Defense Department spare parts horror stories (the $91 screw), and I will discuss his comments on that point.

Before returning to these specific examples, let me comment on two general points. First, Mr. Grace notes that I draw a distinction between waste and policy decisions. "Any excess," he says, "can be legitimized simply by calling it 'policy'." Mr. Grace continues: "Carrying this designation, waste and inefficiency are considered by Mr. Kelman to be immune from review or correction."

It is true that I make such a distinction. By "waste" I mean excessive expenditures of resources to achieve a given benefit (spending $91 for a 3 cent screw, or having 17 times as many people to manage the same number of buildings, for example). I mean, to use the title of Mr. Grace's recent book, "burning money." By "policy," I mean decisions that it is worthwhile to produce a benefit in the first place, given that production of the benefit will consume real resources. The distinction is the one common to policy analysis between cost-effectiveness and cost-benefit analysis.

Why insist on the distinction? In order to be honest with the American people. Nobody, basically, gains from waste, so everyone can agree that we should try to reduce it. (Indeed, it was the contention that "everybody is against waste" that served as the basis for the attempts by the Grace Commission to get the three television networks to run their ads for free, as "public service announcements.") By contrast, eliminating policies that provide benefits to some people, even if on balance it turns out they are not worthwhile, *does* impose costs, on the beneficiaries of those policies at least. Not "everybody" is against them. Cutting back, as the Commission suggests, increases in the growth of Medicare payments to the growth of the overall GNP or raising dramatically the rates consumers pay for government-generated electric power in the Pacific Northwest may be good ideas, but they will cause some people pain.

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By sloppily lumping together two different kinds of situations, the Grace Commission fails to tell the truth to the American people about how difficult it is to cut the deficit, encouraging the easy and comforting myth that, as George Will has so aptly put it, we could eliminate the deficit if only we stopped paying $91 for a screw.

HAVING SAID THAT, I am happy to add that I agree with Mr. Grace entirely that questions of whether government policies are worthwhile enough to continue should be subject to vigorous debate. I am baffled what could have given Mr. Grace the impression that I thought otherwise. Not only was there nothing in my article to suggest that I hold the views Mr. Grace mysteriously attributes to me, but at a number of points in the article, I specifically wrote exactly the opposite. ("Is it worthwhile to produce this level of quality?" I asked, for example, regarding decisions to include balconies and artwork in VA nursing homes. "That is a matter of debate.")

As I explained in my article, the only reason I did not examine the four congressional examples Mr. Grace mentions is that they involved laws, not actions by government managers. I in no way regard these examples as unworthy of discussion, but my own research interest is in the management of government agencies, so I chose to stick to my knitting and look at Commission examples that clearly did involve matters of purported waste, rather than getting involved in questions that clearly were matters of legislative policy.

Second, in a number of points in Mr. Grace's reply, he recognizes ways the government organizations in question have changed to deal with operating problems, but attributes these changes to the fact that the Grace Commission was investigating the agencies concerned. My own impression is that he exaggerates the significance of the contribution the Commission's efforts made. As noted in my article, a number of the situations involved problems that had only recently appeared for the organizations concerned, as a result of changes in the organization's environment, and the Grace people happened to arrive in the middle of the adaptation. (Had they come five years earlier, they probably would have seen a somewhat different set of problems, which have meanwhile been corrected.)

Let me at the same time add that if Grace Commission efforts contributed to some desirable management, the Commission should be praised for that. As a scholar committed to the view that truth should suffice, I would, however, hope that it is not necessary to concoct fabricated or puffed stories to bring about such changes. In addition to being untrue, such horror stories, again, hurt overall efforts to improve government management. And, indeed, if Commission efforts contributed to bringing about the changes that Mr. Grace discusses, this occurred without horror stories. The drafts of the Grace Commission documents were not available until the summer of 1983, and the report was not published until the begin-

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ning of 1984, well after the changes to which Mr. Grace refers took place. If the Grace Commission contributed to those changes, it did so the old-fashioned way, by simply coming in and investigating, not by publishing exaggerated, misleading stories.

Let me turn to specific points that Mr. Grace makes about the Commission examples I researched. In his entire reply, I noted (despite lots of sound and fury) only two places where Mr. Grace actually presents alternative facts to counter the arguments I made. These are in the instances of the Defense department spare parts horror stories and in the question of whether it costs the VA $140 to process an insurance claim. I will therefore discuss Mr. Grace's arguments here in a bit of detail, and make only brief comments on the rest of his contentions, none of which actually presents any facts challenging my conclusions.

First, regarding the spare parts horror stories: I had argued that many of these stories arose out of an accounting quirk, where the Pentagon was placing an order for many different kinds of parts, ranging from ones that cost 3 cents to ones that cost $25,000, and where, as a matter of accounting convenience, contractors sometimes divided up joint costs for the entire contract equally among all the items in the contract, adding (illustratively) $100 to both the 3 cent and the $25,000 part. Mr. Grace states that "no such allocation system exists, and if it did, it would be contrary to stated DOD regulations, and therefore, illegal." Mr. Grace then states that "real examples cannot be found" of such allocation systems having produced the prices highlighted by the spare parts horror stories.

Mr. Grace is referring here to the fact that Pentagon acquisition regulations do require that what the regulations call "overhead" be allocated according to the value of the item, not equally per item regardless of value. In my article, I used the expression "overhead" in a layman's sense. In fact, many joint costs that a layman might refer to as overhead are not included in the technical definition of the word "overhead" appearing in the acquisition regulations. The fact remains that, just as I stated, there are indeed instances where joint costs for an entire contract have been divided up equally among each item, producing the horror story numbers.

Mr. Grace contends that "real examples cannot be found" of the practice to which I refer. For a "real example," I refer the reader to pp. 88-89 of Mr. Grace's own book, *Burning Money*, where he discusses the example of a $7 hammer for which the Navy was allegedly charged $436.

This was a hammer that the contractor purchased from a supplier and did not manufacture himself. Mr. Grace provides a breakdown of the bill the Navy got. It includes charges, for example, for operation of the contractor's quality control and spares repair departments, joint costs that are not called overhead in defense acquisition regulations and that were allocated on an equal basis among

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all the items in the contract. The clincher—again, provided from Mr. Grace's own example—that the practice I described indeed does take place comes from the fact that the itemized breakdown for the hammer included charges by the contractor for various project *engineering* and *manufacturing* expenses. This on a hammer that the contractor candidly told the government it had neither engineered nor manufactured, but rather purchased from a third party! One possible explanation for these "engineering" and "manufacturing" charges for a hammer bought from a third party might be that the contractor was simply defrauding the government, billing the Defense department for non-existent costs. That explanation is totally implausible: It would be an artless embezzler indeed who reported to the government that he had bought a hammer from someone else and then proceeded to bill the government for something *the contractor himself identified* as engineering and manufacturing for that hammer. Surely contractors could find more subtle methods of fraud. Instead, the reason that the government was billed for engineering and manufacturing expenses for a hammer neither engineered nor manufactured was simply that the contractor was taking engineering and manufacturing costs that were joint for the entire contract and assigning those costs by dividing them up equally among the items in the contract.

MR. GRACE argues that spare parts horror stories arise not from an accounting quirk but rather from outrageous costs that contractors bill the government. For example, he states, "most contractor labor charges fall in the range of $150-$300 per standard labor hour," compared to dramatically lower costs in the private sector.

The reader will easily get the impression from what Mr. Grace writes that defense contractors charge the Pentagon $150-$300 an hour for labor and that this is why 3¢ screws cost $91. This impression is further created by Mr. Grace's illustration that "if three hammers are assembled in an hour by a defense contractor, the allocated labor cost at $300 per hour will be $100 per hammer." (Note, incidentally, Mr. Grace's way with numbers: a few sentences earlier he quotes a figure of $150-$300 per hour. When he tells his story, he immediately uses the higher number of $300 an hour.) A moment's thought, however, will make it clear that the suggestion that contractors bill DOD for $150-$300 an hour for labor is implausible, since the annual salary for a worker paid a piddling $150 an hour would approach $300,000 a year; at Mr. Grace's higher figure of $300 per hour, the annual salary jumps to $600,000 a year.

In fact, "cost per standard labor hour" is a technical term from industrial engineering. It is calculated in different ways by different industrial engineers, but those who have chosen to introduce the concept into debates about defense procurement have calculated it by looking at the number of labor hours to produce an item for the

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Defense department and dividing into much of the *total cost* of the item. This exhumation of Marx's labor theory of value really does little but mislead the layman.

Does all this mean that the Defense department is never overcharged? Of course not. There have been instances where, for example, various types of questionable expenses (say, for corporate parties) have been slipped into bills the Pentagon has been sent. There are certainly ways the spare parts procurement process can be improved. But do the problems add up to increasing the price of screws from 3 cents to $91—in other words by 3,000 percent? That is preposterous.

Mr. Grace also challenges my assertion that the Commission's contention that it cost the Veteran's Administration $140 to process an insurance claim, compared with $3-$6 for the private sector, was "wildly inaccurate." He refers to a study by the VA of administrative costs "to process bills for health care services provided veterans at private community hospitals" as his source.

When the VA provides care to eligible veterans, it is generally provided at VA hospitals. Eligible veterans who have an ongoing need for outpatient care (i.e., on an outpatient basis in the hospital or in a doctor's office) and who do not live near a VA hospital are authorized to charge VA for the care, and receive a plastic card they submit when they are treated. These cards are analogous to cards or policy numbers that patients with private insurance have, and bills submitted to the VA using this procedure are processed analogously, and just about as cheaply, as bills a patient submits to an insurance company.

In addition to this, however, there are a small number of patients each year to whom the VA provides inpatient hospitalization outside a VA hospital. Some of these are eligible veterans who have a specific need for in-patient care and live very far from a VA hospital. Others are cases of medical emergencies. Processing these claims is not analogous to processing normal insurance claims, since the VA must make an individualized check to determine whether the person requesting the service in advance or submitting the claim after an emergency is eligible for coverage.

The study to which Mr. Grace refers analyzed only such inpatient claims, which are both small in number and not analogous to the processing of insurance claims in the private sector.[1] The Commission then inaccurately applied its figures to all VA contract insur-

[1] The Commission report did also provide a figure for processing costs for outpatient claims, which was totally inaccurate. I have read both the GAO report which they cite as their source and the February 1982 study on which the GAO report is a commentary, and neither has any discussion of processing costs for outpatient claims. This and other statements in the same paragraph of the Commission report, purportedly based on the same GAO study but in fact having no basis at all in that document, led the GAO to deny ever having made the calculations to which the Commission refers.

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ance claim processing, both this small number of in-patient claims and the much larger number of out-patient claims. This led them to estimate savings of *$218 million* from reducing the processing cost down from their astronomical figures to the average cost in the private sector. The total VA budget for processing these claims, however, is only *$10 million*.

As for Mr. Grace's discussion of other items from my article, I am reminded of a parody that the undergraduate humor magazine when I was a student in the 1960s did of our student newspaper. The parody included a letter to the editor from a professor, where the professor wrote something like, "In a recent article, you stated that I said 'the War in Vietnam is the most noble war we have ever fought.' Actually, I stated that 'the War is the most ignoble war we have ever fought.' You wrote that I stated, 'The War must be escalated immediately.' Actually, I stated, 'The War must be de-escalated immediately.'" The parody then featured a reply from the editors: "We regret these errors, but we stand by our original story."

I WILL TRY to be brief in these next comments, and I refer the interested reader back to my original article for amplifications.

1) *Building management at the General Services Administration*: Mr. Grace does not dispute any of the gigantic errors on which their comparison was based. Instead, he cites Mr. Thomas Simon of GSA, who believes that the example is irrelevant, and asks why I examined this contention rather than the 76 other recommendations the Commission made about GSA. Others in GSA disagree with Mr. Simon, but if Mr. Simon believes the example to be irrelevant, he should address the complaint to Mr. Grace and not to me. I did not choose to highlight this particular example; the Grace Commission itself chose to highlight it. It was included in the list of "bureaucratic absurdities" they published. Furthermore, in the last chapter of Mr. Grace's book *Burning Money*, this example is included as one of the seven examples he chose to highlight among all the Commission's 2,478 recommendations. When Mr. Grace spoke at Harvard last fall, this was the only example involving GSA he mentioned. In his response on this point, Mr. Grace does something he repeats elsewhere in his reply as well: An error having been located on one item, he invites the reader to consider something else from his grab bag instead. With 2,478 items, checking this all out could quickly become a full-time job.

2) *Veteran's Administration nursing home construction costs*: First, Mr. Grace does not contest the fact that the Grace Commission's comparison of construction costs in VA and private-sector homes was skewed by inclusion of a dramatically exaggerated cost for one of the VA homes. Instead, he proposes an alternative method of calculation that recreates his original figures. If his new method of comparison is, as he claims, "more equitable," why didn't the

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Commission use it in its original report? If they wanted to use homes completed in exactly the same year rather than a year apart, why didn't the Commission take homes Beverly completed in 1980 (or ones the VA completed in 1982)? Without such information, it is impossible to evaluate Mr. Grace's proposed new and different method of calculation.

Second, regarding the policy judgment to build VA homes contiguous to VA hospitals (which raised costs for some of the VA homes built next to existing hospitals on cramped sites), Mr. Grace wishes to argue that there is no possible substantive justification for the system, and that the decision to do so is strictly "a political one." Mr. Grace does not specify what political advantages he believes accrue from this decision; if anything, one might expect the politics to go in the other direction, since building a nursing home on an existing hospital site brings an additional benefit to a congressional district that already has a VA facility, rather than taking the opportunity, as Congressmen are often presented as doing, to spread the goodies around as many districts as possible. Speculation about politics aside, there do seem to me as an outside observer (and I do not profess enough knowledge here to make a final judgment) to be plausible reasons to make the VA policy worth the extra cost it entailed in these instances. Close access to a hospital increases the chances of surviving heart attacks and strokes. In addition, VA patients are generally sicker than those in typical community nursing homes (in fact, the VA contracts out to the private sector the care of eligible veterans who need only custodial nursing home care). The VA believes that its patients are quite likely to need immediate access to physicians and equipment that hospitals provide —and that even building the home one mile away would seriously compromise the ability of the home to give VA patients urgent care. Because Mr. Grace seems to regard this question as not even one about which reasonable people can disagree, I spoke with the top corporate official in charge of development at the country's largest for-profit hospital chain about the issue. He stated that there were definitely patient-care advantages to having nursing homes and hospitals next to each other, suggested that such medical care "campuses" would become increasingly common in the future, and stated that he believed this development had not come earlier because of a traditional lack of concern with medical care on the part of typical nursing homes.

Third, to make the fact that congressional attention spurred VA initiatives to cut the cost of nursing home construction (by cutting the quality of the physical construction of the homes) a criticism of the VA as an organization makes no more sense than criticizing business firms because it takes consumer pressures to make them change their production. In the government environment, an important source of pressure to reduce waste comes from "anti-waste" consti-

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tuencies such as the General Accounting Office (and, sometimes, Congress itself).

3) *The Veterans Administration warehouses for hospital supplies*: The Grace Commission and the VA provide different figures for the cost of running these warehouses. Mr. Grace says that the cost for nine months of 1982 was $22.7 million, for a system that generated sales of $83.3 million, an expense of nearly 30 percent. The VA provides different figures: for all of 1982, they compute costs of $15.1 million for sales of $149.4 million. I am not an accountant, and I wrote in my article, "It is hard to know whom to believe." Mr. Grace has chosen in his reply not only to leave out that sentence from my article, but in his quote from the article not even to indicate by ellipsis that this sentence was left out between two sentences he does quote, thus creating the misimpression that I was siding on this matter with the VA rather than with the Commission.

NOR IS IT a horror story, as Mr. Grace alleges, that the VA is only now commissioning an outside study (by the accounting firm Coopers and Lybrand) to see who is correct here. It is incorrect that the VA has had no information on this matter in the past. They not only had their own internally generated information, but the cost-effectiveness of the warehouses had been endorsed by both the General Accounting Office and the VA Inspector-General, both organizations outside the VA's own operating bureaucracy, whose job it is to show where agencies *are* wasting money and who had no predisposition to back up the VA operating people. So VA top management had reason to believe the system was justified. That belief may turn out to be mistaken (and then again it may not), but it is no more a deprecation of VA top management that they have, faced with new information, commissioned an outside study than it is a deprecation of top management in private firms that they may hire management consultants to do the same kind of thing.

4) *Volume discounts for government freight*: Mr. Grace's comments here are totally mystifying to me. He does not challenge what I said about the inaccuracy of the contention that the government does not negotiate volume discounts. He does state that "the thrust of this issue seems to be missed by Mr. Kelman," and then proceeds to repeat virtually exactly what I wrote! I found his comment here so unusual that I re-read this section of his reply several times to see whether I was ignoring something. I was not, and I can only invite the reader to examine my article and see if there is any difference between what I wrote and what Mr. Grace regards as "the thrust of the issue" that I purportedly missed.

5) *Government mailing lists repeating the same name 29 times*: It turns out I was too generous to the Grace Commission in my original article, where I stated that what the Commission was claiming regarding the mailing list horror story was "ambiguous," though it

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"seems to suggest that somewhere there is a government mailing list that has the same address on it 29 times." Actually, I noticed in rereading Commission materials the statement that "our survey, for example, found that 29 copies of the same publication were regularly being mailed to a single addressee." So this is indeed, without ambiguity, what was being suggested. Mr. Grace does not dispute the fact that this contention is false. Instead, one horror story having been discredited, he proceeds to come out with another, this time involving technical bulletins from NASA. I have not examined this new claim, and I hope Mr. Grace will excuse me if at this point I do not accept on faith examples he presents. (Simply as a matter of speculation, might it be the case that technical bulletins are the kind of document that needs to be kept on the desks of engineers working on NASA projects and hence not suitable simply to be circulated with routing slips?)

6) *Deposits of cash seized from criminal suspects*: Here again, nothing Mr. Grace says disputes anything I reported. Rather than repeating what I wrote, I will simply refer the reader back to my original article.

7) *Loan collection attempts in the Department of Housing and Urban Development versus private banks*: Again, Mr. Grace does not dispute that the original contention was false. Although it does not bear directly on the accuracy of that contention, I should state that I think Mr. Grace makes a fair point when he notes that it is not good management practice by HUD to fail to require loan collectors to keep records of telephone as well as written contracts in their case files, and I agree with him in his comment here.

Regarding the tone and substance of Mr. Grace's specific comments taken as a whole, I would like to express some distress at the cynical attitude they embody towards the reader. Surely the average reader cannot be expected to be particularly interested in the arcana of volume discounts on government freight or of numbers of loan collection attempts by HUD and private banks. Mr. Grace appears to hope that the reader will simply read his comments and not notice that in fact he has left unchallenged the vast majority of the facts I brought out. Instead, he appears to hope the reader will simply conclude that the facts are "in dispute" and that an outsider cannot determine who is right. Mr. Grace thus seems to be attempting to neutralize the effect of my article simply by the *fact* of a reply, independent of its content.

Does the Grace Commission represent the solution to the deficit? The President has frequently argued that it does. There are traces in the President's latest budget of the Grace Commission, for example, in proposals about various sorts of user charges for government services previously provided free or at subsidized prices. But the vast majority of budget cuts come from efforts to change substantive policy in areas such as student loans, revenue sharing, Medicare, and aid

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to small business. And, of course, a large deficit is still with us in the proposed budget. Mr. Reagan's actions speak louder than Mr. Grace's words.

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